

## **A study on the India's efforts at promoting entrepreneurship and innovation through Startup India scheme**

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### **ABSTRACT**

Entrepreneurship and innovation plays a vital role in the economic development of a country. India as a developing country tries to improve entrepreneurship and innovation to boost the Gross Domestic Production. Government of India's endeavor to promote innovation and entrepreneurship includes Startup India, Atal Innovation Mission (AIM), Jan Dhan- Aadhaar- Mobile (JAM), Digital India, Pradhan Mantri Kaushal Vikas Yojana (PMKVY), Make in India, Support to Training and Employment Programme for Women (STEP) etc. This paper tries to analyze the growth of entrepreneurship and innovation through Startup India initiative of the Government of India which was launched by the Honorable Prime Minister in January, 2016. The Startup India Scheme aims on building a strong environment for fostering innovation and entrepreneurship in the country. The main purpose of this paper is to analyze Entrepreneurial and innovative growth in India under Startup India Scheme. It is a descriptive study based on secondary data that effort to provide valuable insight about Startup India initiatives to boost the creative and ambitious thoughts of youth.

**Keywords:** Entrepreneurship, Innovation, Startup, Economic Development.

### **1. INTRODUCTION**

According to the Global Entrepreneurship Development Institute (GEDI), there is a strong positive association between innovation, entrepreneurship, and economic growth. India grabbed the tag of 'third emerging economy in the world' in terms of GDP at purchasing power parity rates only due to the accelerated growth rate as a result of rise in the various innovative and entrepreneurial startups. Innovation and entrepreneurship creates job opportunities, industrialization, export promotion, technological advancement etc. which leads to the economic development of a nation. Innovation not only leads to the development of the industrial sector but also in farm and service sector. Entrepreneur's acts as a trigger head to give spark to economic growth through entrepreneurial decisions. In India Small scale industries account for over 95% of establishments and 80% of employment in the manufacturing sector. Entrepreneurial growth is result of the hard work of small scale initiatives. Knowing the potential of small scale entrepreneurship Honorable Prime Minister Shri Narendra Modi, announced the launch of the national flagship initiative – Startup India. Startup India initiative aims at promoting and encouraging young innovators and entrepreneurs of the nation. Startup India focuses on the transformation of India in to a startup nation. A country of job creators instead a country of job seeker. In this purview this study focuses on India's efforts at promoting entrepreneurship and innovation through Startup India scheme.

### **2. OBJECTIVES**

- To study the India's efforts at promoting entrepreneurship and innovation through Startup India scheme

- To analyze the growth of entrepreneurship and innovation through Startup India initiative.

### **RESEARCH METHODOLOGY**

Descriptive research design is used for this study. The study based on data from secondary sources. Quantitative data and qualitative data from secondary sources such as Ministry of commerce and industry reports, websites, journals, magazines, newspapers and books were analyzed for this study. A Period of Three Year from the launch of Startup India scheme Jan 2016 to Jan 2019 is considered for the study.

### **3. THEORETICAL FRAMEWORK**

Startup India Scheme is the prestigious initiative of Government of India to promote innovation and entrepreneurship. It aims at employment generation and wealth creation through innovation of goods and services and entrepreneurial development. The Startup India Scheme was launched on January 16, 2016. It outlined a 19 point action plan focusing on incubation, simplification of procedures and handholding, finance support, Government tenders, networking opportunities and industry partnership. The Department of Industrial policy and promotion (DIPP) always take initiative for the improvement and establishment of innovations and entrepreneurship. The Department of Industrial policy and promotion recognized 14,600 startups under the Startup India Scheme. This 14600 Startup recognized spread across whole India covering 29 states and 6 Union Territories. In order to assist the financial requirement of startups and supporting innovators the government set up a Fund of Funds for Startups (FFS) Programme. Under FFS Government provide funds to incubator, venture capitalist, innovators and for the growth stage support of startups.

### **ELIGIBILITY CRITERIA TO REGISTER AS STARTUP UNDER STARTUP INDIA SCHEME**

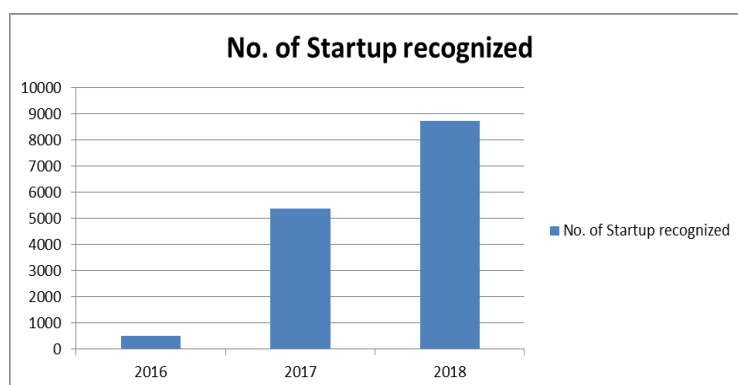
- Registration is for the following types of companies
  - Partnership Firms
  - Private Limited Company
  - Limited Liability Company
- Approval from the Department of Industrial Policy and Promotion.
- Recommendation letter by an incubation
- Innovative schemes or products
- A new firm or firm not exceeding 5 years
- Total turnover should not exceeding 25 crores.

### **STARTUP INDIA SCHEME EFFORTS TO PROMOTE ENTREPRENEURSHIP AND INNOVATION**

- 24\*7 Online portal to facilitate startup registration
- Startup India hubs where generated to handle all the works related to incorporation, registration, grievance handling, etc. of Startups.
- Faster Patent acquisition and registration
- Income tax exemption for the first 3 years
- 80% rebate on the patent costs

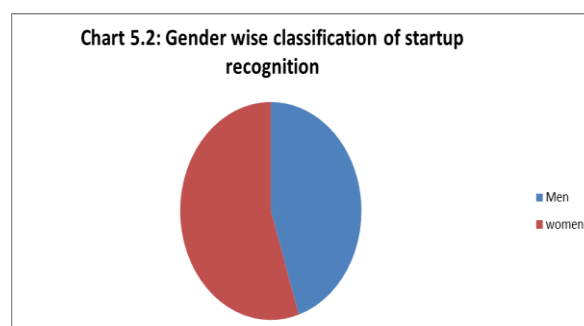
- Provides special funds and credit guarantee
- Priority in getting government tenders.
- Networking opportunities
- Incubator support
- Simplification of procedures
- Legal support
- Funds of fund for startups
- Conduct domestic and international startup fest
- Conduct Intellectual property awareness seminars and workshops
- Income tax exemption for investments above market value by venture capital funds
- Exemption on the capital gains invested in fund of funds

#### 4. ANALYSIS AND INTERPRETATION



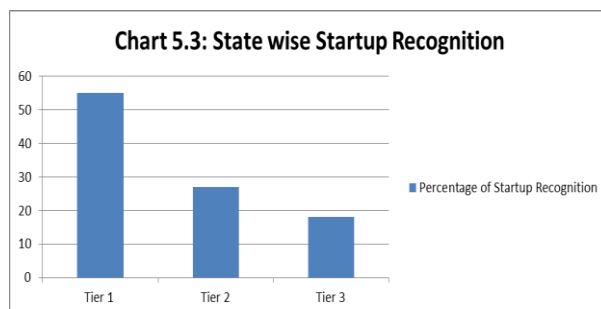
(Source: State's Startup Ranking, DIPP)

By analyzing the growth of startup initiatives as part of startup India Scheme, we can identify a tremendous increase in the number of startup recognized. In 2016 the Startup India Scheme launch period there are 503 startup recognized. During the year 2018 the startup number raised from to 8724 in comparison to 5373 in the year 2017.



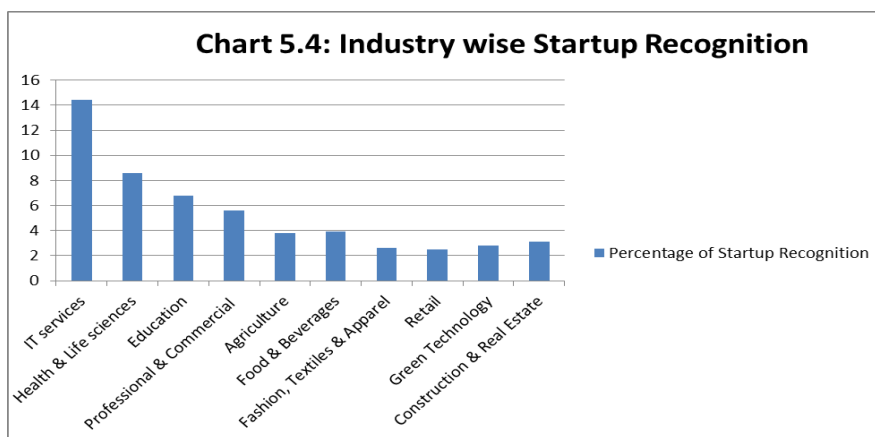
(Source: State's Startup Ranking, DIPP)

More than 45% Startup Initiatives Recognized by DIPP there is atleast one women founder or director. The share of women participation as a result of Startup India scheme is an encouraging result.



(Source: State's Startup Ranking, DIPP)

Sate wise classification is based on the classification of cities. Tier 1 cities include Bangalore, Chennai, Delhi, Mumbai, Kolkata and Pune. Tier 2 cities consist of cities like Agra, Lucknow, Jaipur, Chandigarh, and Nagpur. The rest fall under the Tier 3 cities.



The maximum number of startup recognized is in Tier 1 cities compared to Tier 2 and Tier 3 cities. (Source: State's Startup Ranking, DIPP).The major startup initiatives are in the IT services and health & life sciences. Retail and Fashion, Textiles & Apparel constitute the least share in the startups recognized.

## 5. CONCLUSION

The Startup India Scheme functions to improve the innovative and entrepreneurial growth. The data shows that there is a positive trend in the growth of innovations and entrepreneurial activities due to Startup India Scheme. The action plans focused on simplification of work, financial support and information assistance paved the way for increased number of startups. In the Global Entrepreneurial index 2018 India stands at 69<sup>th</sup> position among 137 countries. The major reason or strength of India pointed out by the index is the product and process innovation, opportunity start-up, risk acceptance, opportunity perception and internationalization. This recognition is mainly due to the India's effort to promote innovation and entrepreneurship. Government focus to create India a job provider through startup scheme is almost successful.

## 6. RECOMMENDATIONS

- Initiatives under startup scheme should focus long term vision

- Improved research facilities for new ideas
- More enthusiastic effort to bring back and boost failed experiments
- Expert assistance and financial guidance should be enhanced.

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