

Indian Start-Ups: Issues, Challenges and Opportunities

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Abstract

Increasing competition is one among the various factors that has led to the rise of self-employment consciousness among the young generation in India. Over the recent years start ups have become the flavor of season in Indian markets due to its tremendous population which provides large potentiality of job markets in India towards job creation and promoting entrepreneurship in India. For India's transformation start ups, technology and innovation act as an effective instruments. Interestingly, every year more than 800 technology start ups are being set up in India. By this 2020, it is estimated that around 11,500 tech-start ups are going to be established with employment potential of around 250,000 technical people (NASSCOM,

2015). India is becoming a start up nation with the emergence of number of home grown start ups across the country with business favorable environment. Today, India is among the top five countries in the world in terms of start ups. Start up India is such an ambitious initiative which is accelerating and revolutionizing start up movement in India. Self Employment and Talent Utilization Fund (SETU) scheme acts as a major accelerator towards promoting start ups in the country. However, as each coin has two sides, there are also various constraints faced by the start up businessmen in India along with ample of opportunities. This Paper aims to investigate the challenges and Opportunities in the way of start ups in India. This paper has an intent to explore the major issues or difficulties faced by start ups in India, and discuss the various opportunities of start ups in India by using a literature-based analysis.

Key words: Start-Ups in India, Employment, Start up India, Issues, Challenges, Opportunities

Introduction

Start-ups are pillars of Economic Growth involving innovation with Technology which strengthens the economic benefits for the Economy. Existing frameworks in India are inadequate to fulfill the aspirations of its population and become a Global Power. Start-ups and Entrepreneurship has a key role to play in making a country as a Knowledge Super power. Number of factors drive Indian start-up ecosystem such as huge funding, advancement in technology, demographic transition etc which paves the way to young start-ups. The Digital revolution in India along with the start-up evolution is important in transforming India. India in recent years has become the major technology hotbed which offers fascinating opportunities for emerging companies to thrive and establish themselves in the world with their Innovative ideas and Disruptive approaches.

Review of Literature

Surabhi Jain (2016) aimed at the growth and prospects of start-up ecosystem in India. This article speaks about the launch of start-ups initiatives in India, need for start-up ecosystems in India and various action plans formulated for start-up India in 2016 like funding support, tax holidays, building innovation centres, research parks etc. In the conclusive part Jain opined that innovation plays an important role in start-up ecosystem as well as massive industrialization

which are in turn results in expanding per capita income of a country. It speaks about problems faced by Indian. In order to avoid this situation, government, Corporate and educational institutions have a role to play like mentor programmes, workshops, seminars etc. **Sunita Sanghi and A. Srija (2016)** discuss about demographic transition of India and contradiction of workplace in the structural transition and highlights about importance of Self-Employment. They investigated the roots of Entrepreneurship in India since pre-independent and post-independent period. They mention about ample of problems of Indian start-ups and the need to promote it in both urban and rural areas. This paper speaks about various schemes implemented by different organizations and institutions. Creation of Self- Help Groups forms main part. The concept of Start-ups and Start-up revolution is discussed along with the latest policy initiatives for start-ups introduced by the Government of India like MUDRA, SETU, AIM, Digital India etc. This paper concludes that these initiatives created start-up ecosystem and thus increased the scope of self-employment. **Mr. Mukti Narayan Pidiha and Ms. Rachana Singh (2016)** highlights the challenges and prospects of start-up India, stand-up India. It begins with the concept of Entrepreneur and its roots. They showcase the challenges for Indians in starting new business such as Financial and social challenges etc. They also discussed about the future prospects of Entrepreneurship in India with the intervention of central, state governments and large companies. Plan of Action are presented from the point of view of Government such as training and development, media campaigns, promoting rural entrepreneurship, improving infrastructure, monitoring mechanism etc. The conclusive part highlights about economic contribution of entrepreneurship and country's economic policy for its economic growth.

Mohammed Habeebuddin and D. Sakriya (2017) highlights the issues and challenges for Indian start-ups and also discloses various benefits available to the start-ups and opportunities like Indian demography, unique set of Indian Problems like health, education, sanitation, infrastructure etc for Indian start-ups because of their enormous transformation. Ample of challenges identified for Indian start-ups in this paper are regarding culture, mentorship, policies, hiring, funding, social issues, consumer behavior changes, technological infrastructure issues, sustainability issues, regulatory issues, taxation issues etc. **Kamaldeep Kaur (2017)** explores the opportunities and investigates the challenges of Indian Start-ups by Globalization as key factor in the Indian Economy. Author discusses about a start-up ecosystem – its elements and demographic information. Kaur gives vivid explanation regarding Indian start-up business

challenges such as critical Government clearances, perplexity and expending huge time in making assessee installments to the Government due to different taxes, absence of mentorship and legal direction, particularly about rewards and hazards etc and it also explores various opportunities in start-ups keeping youth in major place who are responsible for transforming India into a super power. Finally it concludes with the remarks that new start-ups are contracting in recent years for which funding acts as a major concern along with above mentioned issues which are to be taken care by the Government. **Manu Tyagi and Namita Mishra (2019)** defines about start-up venture and gives brief note about origin of start-up initiatives by Government and the current scenario about start-ups in India which constitute Engineering start-ups as major one in technology based start-ups. They speak about various issues and challenges of start-ups and opportunities for start-up in India like population, mindset in working class and Huge investments in start-ups.

Indian Market has predicted the supremacy for start ups exceptionally in online retailing as well as service industry in 2016. Furthermore, it is forecasted that there will be over 11,500 start ups by 2020 which will alter the way markets are functioning presently. Besides, the environment in India favorable for great accord of entrepreneurship opportunity for starting own ventures. Today, India stands at fourth position in providing start up ecosystem followed by USA, UK and Israel.

Statement of the Problem

The above literature points out the fact that studies have been made on Indian startups like problems and consequences faced by the Indians on account of starting new business. Most of the studies focused on programmes, procedures etc.,there is no studies has not been done so far on exactness of challenges faced by the businessmen and what are opportunities are exist in India. In this article we try to find out issues, challenges and what do the opportunities (government initiatives) exist for Indian aspirants. Hence, the study is undertaken to fill the research gap.

Objectives of the Study

1. To identify the issues and challenges faced by Indian start-ups.
2. To analyze the opportunities for Indian start-ups

Research Methodology

The study is mainly based on secondary data and descriptive in nature. Hence, the study has been carried out by referring various journal articles, newspapers and websites.etc

Major Issues and Challenges for Start ups

1) Lack of Financial Assistance

Availability of finance is critical for startups and is always a problem to get sufficient amounts. A numerous options ranging from loans, etc. the requirement of more cash starts increasing as the business progress. Proper finance management is critical for the successful of start ups in India.

2) Lack of Supporting Infrastructure

Infrastructure is also required for good start ups. There are number of support mechanisms that play a significant role in beginning of start ups. Lack of access to such supporting infrastructure mechanisms increase the more risks in start ups in India.

3) Changes in Government Policies

Starting a business require a number of permissions from the concerned governments departments. It is still big task to register a business or new entity. Regulations pertaining to intellectual property rights, labor laws etc. business are rigorous in India which takes about 30 days to comply compared to just 9 days in OECD countries. Also as per World Bank report, “world bank ease of doing business” India ranks 142 out of 189 economies (Mittal, 2014)

4) Lack of Guidance/Mentorship

Lack of adequate guidance/mentorship is the bigger challenge which could bring a potentially good idea to an end. Lack of proper guidance that exist in the Indian startup ecosystem. Most of the startups have excellent ideas, products, but brilliant idea works only if executed promptly and properly.

5) Expectations of the Customers

Indian start ups come up with a service to be able to match up customers expectations. Innovations play a pertinent role in Indian start ups. Since that the start up has to fine tune the product offerings to suit the market demands. Also, the entrepreneur should have deep domain knowledge to counter competition with appropriate strategies or executed plans. Due to new technologies that are emerging the challenge to provide over and above an earlier innovation is pertinent.

Opportunities for Indian Start-ups

India is at a pace to become Start-up Nation with the launch of Start-up India initiative on 16th January 2016 in New Delhi by the Prime Minister Shri Narendra Damodardas Modi. Many factors have gathered for promoting start-ups and enable them to flourish globally in the recent decade and they witnessed enormous growth in spite of several challenges faced by young entrepreneurs which can be eliminated by involvement of Government. In India, People prefer Government jobs over private jobs because of Job security but in recent days several multinational companies influenced the people greatly with their high pay scales and good perquisites. Globalization was one among the various factors that influenced the rise of entrepreneurship in India because of which economy is going through enhancement of start-ups and their contribution to the economy.

1) India's Population has Unfolded new Doorways

Indian Population can be described as the gigantic asset because by 2020 it is intended that country will encounter a period of "Demographic Dividend" in which non-working population would be excelled by the working population as a result of which substantial moment will be offered to an organization or a firm exasperating to become victorious and generate commanding position in the Indian Market. The budding and cluttered stage of infrastructure in India has been identified by the entrepreneurs that is giving a gigantic opportunity to attempt to digitize collocate various segments.

2) Many Students opt for Entrepreneurship

The talented students recruiting trend in IITs and IIMs always makes a buzz because of the higher packages offered to them. These students either get placed in the startup or choose for campus recruitment itself, due to their increasing interest to initiate their new ventures.

3) Talent is Willing to work with Startups

Many talented people are coming forward to work with Startups having challenging works, big funding which gives great packages thus breaking traditional career paths making startups a very attractive profitable place. Progressively, a tendency is observed where many middle level officials are quitting their jobs at big corporations to work in startups. Even ample of startups are taking bold steps to captivate best talent in the world. A survey by Economic times stated that students joining startups and e-commerce businesses have increased extensively.

4) Huge Investments in Startups by Indian and Foreign Investors

Through huge investments from Indian and foreign investors, Startup ecosystem is getting huge support to grow. In 2015, Indian startups have raised around Rs. 42,300 core from investors with around more than 300 deals. The top Foreign investor in India is New York-based Tiger Global Management followed by the Russian Company- DST Global, Japanese telecom giant Softbank, Kalaari capital, Sequoia capital and Accel Partners.

5) Funding for Start ups by the Government

There are various government and semi-government initiatives launched to help startups in performing and sustaining in domestic as well as Global market. The biggest courage and help for young entrepreneurs in India is the Funding by Government of India.

6) Startup India Initiative

This initiative is launched by the honorable Prime Minister of India Shri. Narendra Modi which provides a great comfort and assistance and break from traditional License Raj of India and includes 3 years tax and compliance breaks proposed to eliminate burdensome government regulations and red tapism. Some of the initiatives under this schemes include;

- **Make in India Initiative**

Make in India by Government includes major new initiatives designed to facilitate investment, foster innovation, protect intellectual property and build best-in-class manufacturing infrastructure. This has also helped to ease the process of starting a business and doing everything hassle free by not only encouraging manufacturers, but also Indian buyers to invest and trust in Domestic Brands.

- **MUDRA Yojana**

Generally small entrepreneurs find it difficult in getting finance to fund their businesses as large collaterals will be asked by the banks for which they become unsustainable. Although, through this scheme small entrepreneurs will easily get loans to set up, grow and stabilize their businesses from banks.

- **Atal Innovation Mission (AIM)**

This was launched by the then Finance Minister of India Mr. Arun Jaitley during the budget 2015 and is set up by NITI Aayog which involves academicians, entrepreneurs and researchers utilizing national and international experience to promote a culture of Innovation and entrepreneurship in the country and Research and Development in India particularly in technology oriented areas. Components of AIM are Atal incubation centres, Atal Tinkering Laboratories, Atal Grand challenge Awards and Scale up support to established incubation centres.

- **Self Employment Talent Utilization Fund (SETU)**

This is launched by NITI Aayog in 2015 to facilitate the growth of startup firms in which Rs. 1,000 crore has been allotted to create opportunities for self-employment and fresh jobs mainly in technology-driven domains. The aim of this program was to create 100000 job opportunities across the country through startups.

- **E- biz Portal**

It integrates 14 regulatory permissions and licenses at one source. It is launched by the Government to reduce difficulties in setting up new businesses. This portal usage enables faster clearances and improves the ease of doing businesses in India.

- **Royalty Tax**

The then Finance Minister Mr. Arun Jaitley reduced the Royalty tax payable by businesses and startup firms from 25% to 10% with an aim to make cost o technology more affordable and accessible.

7) Patent benefits

Under the scheme for startups intellectual property protection, patent applicants have received the benefits up to 80% rebate in patent fees and free legal assistance. Startups have also availed benefit of fees rebate in expedited examination filing fees(Form 18(A)), Trademark rules 2017, has been recently amended to provide 50% rebate in Trademarks filing fee to startups. Overall more than 2,000 startup cases have been facilitated under this scheme.

8) Learning and development module

Startup India has launched on interactive online learning and development module to educate startups and aspiring entrepreneurs. Over more than 2, 30,000 applicants have signed up for the course, out of which more than 10,000 applicants have completed 100% of the course successfully.

9) Startup India Yatra

The startup India Yatra is a platform which aims to help entrepreneurs (especially from non-metropolitan cities) realizes their startup dream. The startup India yatra aims to reach each and every district of the country so far, startup India yatra has been conducted 12 states of India.

10) Startup India Hub

Start up India online Hub was launched to serve as a online platform where all the stakeholders of the start up ecosystem can collaborate and synergize their efforts. The

hub has handled more than 1, 14,000 queries from start up through telephone, E-mail and Twitters etc.

Conclusion

The Indian market offers many opportunities for start ups and helps to promote growth and create employment. The support for Indian start ups has increased from many dimensions yet they face challenges. Overcoming the challenges and utilizing the opportunities effectively depends on the government authorities and the start ups themselves with much emphasis on broader opportunities. The Government through the above mentioned initiatives aims to empower start ups to grow through innovation and design and accelerate spreading of the start up movement in India.

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