

Startup's eco system in India

S. Matheswari^{1*}, R. Yogeshwari¹

¹Department of Management Studies, Sree Saraswathi Thyagaraja college, Pollachi.

Corresponding author: S. Matheswari

Email Id: madheshwari1994@gmail.com

ABSTRACT

Startups have been the flavor of the season over the last few years for the Indian markets. This has resulted into the emergence of a number of home grown unicorns across the country. One of the major contributors leading to this development has been the mega funding that has been ploughed into most of these unicorns between the period 2007 and 2015. This has been in line with the global trend dominating the space. Even the aspiring unicorns have had a decent run during this period, where managing to find investors is usually considered a tough task. Making big bets on Indian innovation has become a global point of interest. Prime Minister Narendra Modi launched an ambitious program called Startup India Standup India. This was aimed at revolutionizing and accelerating the startup revolution in India, which is already witnessing strong traction. However the road to success is not as smooth as it appears to be. The larger problems plaguing the businesses, such as the unorganized and fragmented Indian market, lack of clear and transparent policy initiatives, lack of infrastructure, lack of knowledge and exposure, complications in doing business, etc. are at least now being identified as issues that need to be addressed.

KEY WORDS: Startups; Unicorns

INTRODUCTION

A startup company (startup or start-up) is an entrepreneurial venture which is typically a

newly emerged, rapidly-growing business that aims to meet a market need by developing or offering an innovative and extraordinary product, process or service. A startup is usually a company such as a small business, a partnership or an organization deliberately designed to rapidly develop a commercially viable business model. More often than not, startup companies deploy technologies, such as Internet, e-commerce, computers, telecommunications, or robotics to make a niche for them in the market.

A startup business is defined as an organization:

- Incorporated for three years or less
- At a funding stage of Series B or less
- An entrepreneurial venture/a partnership or a temporary business organization
- New and existence for not more than five years
- Revenue of up to INR 25 cr.
- Not formed through splitting or restructuring
- Formed through splitting or restructuring

OBJECTIVES

- To study in detail about the Startups in India.
- To ascertain the scope of growth of Startups in India.
- To comprehend the role of Investment Agencies in the growth of Startups in India.
- To identify the problems and bottlenecks faced by Startups in India.

STAGES OF THE STARTUP LIFECYCLE

PRE STARTUP

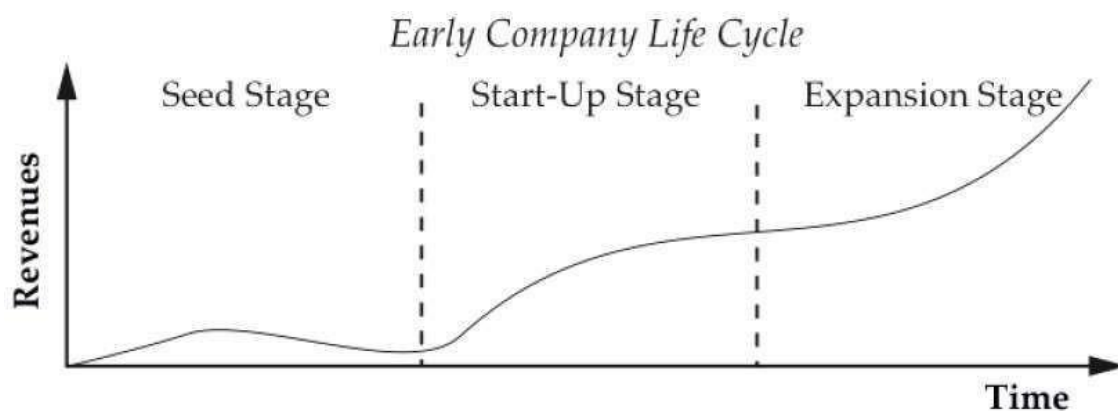
Discovery- Identify a potential scalable product/service idea for a big enough target market.

Validation- The service or product discovered hits the market, looking for the first clients ready to pay for it.

STARTUP

Efficiency -The entrepreneur begins to define his/her business model and looks for ways to increase customer base constantly.

Scale- Pushing the growth of the business aggressively while increasing its capacity to grow in every possible sustainable manner.



GROWTH

Maintenance- Maximizing benefits and facing problems derived from the global dimension in terms of competition that the business has achieved

Sale or Renewal - The decision to sell the startup to a giant or acquire huge resources that the brand will need to continue growing as a venture.

Scope for growth

The Prime Minister also aims to build systems for enabling startups and wants to make the country as a number.

One destination for startups. In August 2015, he announced a new campaign “**Standup India**” to help startups.

With bank funding and encourage entrepreneurship among the young Indians. He also requested all 1.25 lakh.

Bank branches to fund at least one startup founded by tribal's and Dalit's.

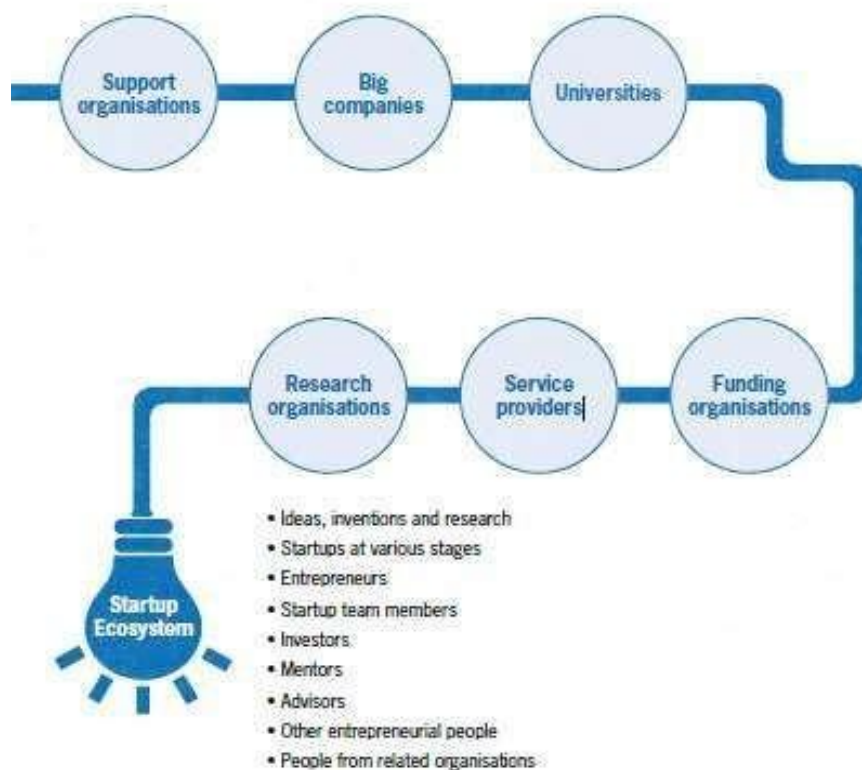
Standup India:

On 6th January 2016, the Union Cabinet has given approval to Standup India campaign which aimed at promoting entrepreneurship among women and scheduled castes and tribes. Some of the salient

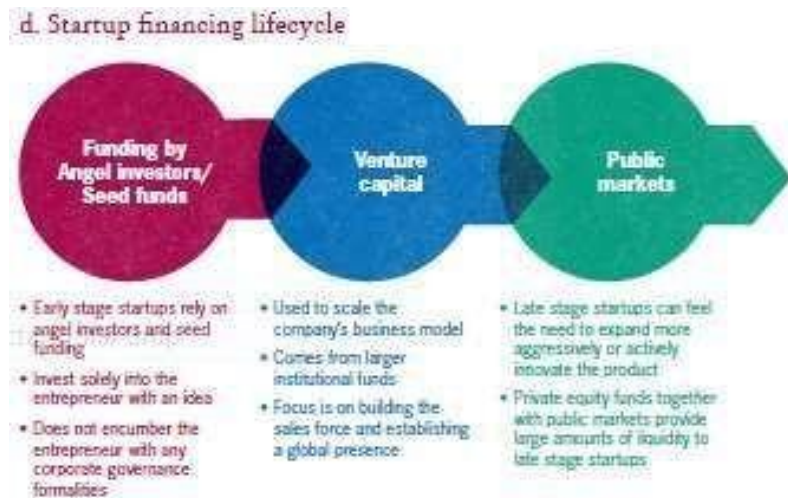
Features Include:

- Loans under the scheme would be given for greenfield projects in the non-farm sector,
- Intention of the scheme is to facilitate at least two such projects per bank branch,
- The scheme is expected to benefit at least 250,000 borrowers in 36 months from the launch of the Scheme. It also plans to ease out the existing regulatory regime for startups and is considering extending tax incentives.

Startup eco system



Startup financing lifecycle



The process

Single online clearance system

A commendable development in the pipeline is to bring an online approval window which will provide over 200 permits required by different industries from various government divisions. This new system for clearance approval for new entrepreneurs would allow them to apply for and track the status of their applications/license permits online

Simplification of regulatory regime

To improve India's ranking on the ease of doing business to 50 from the current ranking of 142 on the World Bank's index, steps are being taken to simplify business processes and regulations. According to a DIPP official, a government panel is working on a policy that proposes exempting startups from a 22 federal rules and regulations such as:

- Proposal includes exemption from company and labour laws until a startups revenue touches to certain level.
- Certain tax exemptions for a specified period and
- Easing norms for raising capital globally.

Challenges

According to the World Bank's Report:

- India is ranked 130th out of 189 economies on the ease of doing business, 133rd on the ease of trading across borders and 157th on the ease of paying taxes.
- India is ranked 155th in case of starting a business.
- On an average, Indian businesses need to make 33 tax payments annually with around 243 hours spent to prepare and pay taxes in a year.
- In contrast, China requires just nine tax payments annually, while the US doesn't trouble its taxpayers more than 11 times annually for tax payments.

All these facts clearly indicate that a lot needs to be done for providing a congenial environment to startups.

Conclusions

The concept of entrepreneurial ecosystems draws upon a long and rich lineage of intellectual inquiry by scholars from economic geography, economics and other disciplines, all seeking to explain why firms cluster together in geographical space and benefits that arise from this clustering for individual businesses. So, what does the entrepreneurship ecosystem perspective offer that is intrinsically 'new' or original? First, it has merit as a metaphorical device which offers a holistic understanding how clusters of economic activity come into being and specifically to offer a new perspective on firm growth which emphasizes the firm's external environment rather than its internal characteristics and operations.

References

1. **Harminder Singh¹, Manpreet kaur²** ¹PhD scholar, Department of Business Administration, Faculty of Management Study and Research, Jagannath University,(India).

2. Monica Kothari, Harish HV, Prashant Mehra, Kinnari Gandhi, Anirudh Gupta, Dinesh Kumar Shreyans Bhansali, Divyabala N - Startups India - An Overview