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A study on start-up revolution in India: Opportunities and challenges ahead

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Abstract

India is the second most populous country in the world, with a population of 1.2 billion. There is a significant opportunity for the venture market in India to accommodate this large population. According to the latest Asia Pacific Human Development Report, India is now facing a severe shortage of job opportunities, a rise in unemployment among young graduates, and this situation is expected to persist for the next 35 years.

Start-ups are characterized by their contemporary approach to development, evaluation, and research within the specific market niche. This paper will examine a range of government policies, programs, schemes, the startup life cycle, as well as financial and operational strategies pertaining to start-ups. The startup industry is now experiencing significant growth and is a topic of great interest among individuals. Based on statistics from the Labour Ministry, around 1 million individuals join the workforce in India on a monthly basis. In order to address the limited availability of venture capital, our esteemed Prime Minister introduced the initiative "Start Up India, Stand Up India" on August 15, 2015. This initiative aims to encourage bank financing for startups and provide incentives to foster entrepreneurship and the formation of new ventures. This research study has conducted a comprehensive literature review to evaluate the challenges, prospects, and finance resources associated with the subject matter. The secondary data was collected from a variety of sources, including websites, journals, and newspaper articles.

Keywords: Opportunity, startup, population, growth

Introduction

Presently, there is no straightforward definition of a Startup in the Indian context owing to the subjective and intricate nature of the concept. When examining different factors related to a business organization, such as the stage of its lifecycle, the level of funding obtained, the income generated, and the scope of operations, there exist conceptual definitions that are accessible to the general public. The following sources have been sourced and listed below in order to provide the reader a comprehensive understanding of the subject matter. The Department of Industrial Policy and Promotion (DIPP) is currently formulating a concise definition for startups and is anticipated to release it in the near future.

A startup is a nascent employer that is in the early phases of development, often funded by an individual or a small group of individuals. A startup refers to a relatively new kind of employer that might take the form of an entrepreneurial venture, a contemporary business organization, a partnership, or a short-term corporate entity. Its primary objective is to identify a business model that is both replicable and scalable. A startup is a relatively young company that seeks to disrupt existing markets or establish new ones by adopting an unfamiliar business strategy. A startup is a young and innovative company that focuses on generating services or goods that have a genuine need. The creators want to profit on this opportunity.

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Table 1: Stages of the start up life-cycle

Sr. No	Pre-Start up	Start up	Growth
1.	Discovery Identify a potential scalable product/service idea for a big enough target market	Efficiency The entrepreneur begins to define his/her business model and looks for ways to increase customer base	Maintenance Maximising benefits and facing problems derived from the global dimension that the business has achieved
2.	Validation The service or product discovered hits the market looking for the first clients ready to pay for it	Scale Pushing the growth of the business aggressively while increasing its capacity to grow in a sustainable manner	Sale or Renewal The decision to sell the startup to a giant or acquire huge resources that the brand will need to continue growing

Source: Sumit Mishra (2017) ^[15]

Literature Review

Thomas Hillmann and Manju Puri (2000) ^[11] have a study the empirical evidences on the impact that the project capitalists could have on the development direction of new firms. Their study suggests that there's smooth facet to project capitalists in terms of supporting businesses to build up their human property withinside the organization.

Christopher A Pissarides (2001) ^[9] in his paper studied that the characteristic of commercial enterprise organization starts off evolved up costs for employment average overall performance. This paper is quite theoretical one. The quit is the factors that could offer a reason for the versions in Labor Market average overall performance are structural and have to be sought withinside the institutional structures of the countries.

Thomas Astebro and Irwin Bernhardt (2003) ^[10] test out the relation many of the survival of new small business organization and economic group loans. They stated that there is a horrible correlation amongst economic group loan and business organization survival and top-notch relation amongst non-banking loan and business organization survival. This study is based totally completely on the records concerning a difficult and speedy of small business organization launched in 1987 in U.S.

Omid Sharifi, Bentolhoda Karbalaie Hossain (2015) ^[12] in their paper stated that the several financial worrying conditions faced via the Startups in India. It moreover depicts the troubles faced via the startups at the initial stage. The primary findings are primary jump in technology have led buyers to raise the bar in terms of methods lots leg art work entrepreneurs are predicted to do in advance than even pitching their businesses.

Objective of the study

- To understand the concept of start up
- To study about the growth and prospects of Start up in India
- Identifying the various challenges faced by the startup Companies

Research Methodology

This examine is specially primarily based totally at the secondary data. These facts had been amassed from diverse websites, journals, and newspaper articles. The research is descriptive & conceptual in nature.

Impact of industrialization on the Indian economy

Industrialization has brought about a bad effect upon the ecological control of the country; there had been excessive troubles together with pollutants of diverse kinds, air, water and sound with discharging of dangerous gases together with carbon dioxide. There has been an boom in population, in which humans are coming from rural regions in look for jobs, rapid industrialization, business employment, boom in

quantity of automobiles because of very excessive monetary increase had been taken into consideration because the principal powers which can be having better electricity consumption.

With the effect of industrialization, there was introduction of machines and equipment, which has decreased the popularity of employees to simply that of an element in a machine. In the manufacturing of products and services, machines are made use of and maximum of the paintings is finished with the aid of using the machines, employees are simply wished simply to perform the machine. In rural regions, industries are remaining down with the effect of industrialization in city regions and villagers have become jobless, a few have a low degree of training, while others do now no longer have any training in any respect and so one can preserve their residing they may be transferring to city regions in look for jobs. Some of the agricultural humans are capable of discover paintings in industries and different sectors of the economy, while a few are not able to discover paintings and preserve in poverty. With the appearance of industrialization industries together with manufacturing, marketing, telecommunications, media, generation have come into being and modified the life of humans. Industrialization has been nice in a few cases, while bad in others.

The start-up scenario in India

It is to be mentioned that each 12 months greater than 800 era startups are being installation in India. By 2022, its miles envisioned that round 11,500 tech-startups are going to be mounted with employment ability of round 250,000 technical people. It is admirable to observe that India is among the pinnacle 5 nations withinside the international in phrases of startups with 10,000+ led through US with 83,000+ comprising 43% tech-primarily based totally companies with 9% controlled through ladies entrepreneurs. The wide variety of incubators additionally has crossed one hundred in 2014-15 to provide increase to the startup saga. Surpassing Bengaluru and Mumbai, Delhi-NCR has grown to be the most up-to-date hotspot for startups and unicorns in India. The place that accommodates the countrywide capital and adjacent towns of Gurugram and Noida now depend greater startups and unicorns than Bengaluru and Mumbai. Delhi-NCR is domestic to ten unicorns, or people with a valuation of at the least \$1 billion, with at the least one brought every 12 months in view that 2013, as compared with that Bengaluru and Mumbai had brought, respectively, withinside the first 1/2 of 2019.

Opportunities for start-up in India

Indian authorities' pursuits to construct an environment that promotes entrepreneurship on the startup stage and has taken some of projects to make sure that the startup agencies

get suitable help Make in India in September 2014, Prime Minister Narendra Modi added a large initiative.

Make in India: To sell the producing region through selling agencies to make investments withinside the region. The cause of the marketing campaign is to draw overseas investments and inspire home agencies to take part withinside the production thereby contributing to the boom story. The authorities additionally took diverse steps to construct beneficial surroundings to do commercial enterprise withinside the us of a. For example, an internet device for surroundings clearances, filling earnings tax returns and extension of validity of business licenses to a few years were installed place.

1. The authority's growth the overseas Direct Investment limits for maximum of the sectors
2. Protection of the highbrow asset's rights of innovators and creators through upgrading infrastructure, and the use of contemporary era

Stand-up India: The Prime Minister additionally pursuits to construct structures for allowing startups and desires to make the nation of a as a primary vacation spot for startups. In August 2015, he introduced a brand-new marketing campaign "Standup India" to assist startups with financial institution investment and inspire entrepreneurship a number of the younger Indians. He additionally asked all 1.25 lakh financial institution branches to fund at the least one startup based through tribals and dalits. Some of the salient functions include:

- Loans below the scheme might receive for greenfield tasks withinside the non-farm sector,
- Intention of the scheme is to facilitate as a minimum such tasks in step with financial institution branch,
- The scheme is anticipated to advantage as a minimum 250,000 debtors in 36 months from the release of the Scheme.

It additionally plans to ease out the prevailing regulatory regime for startups and is thinking about extending tax incentives to them. The Department of Industrial Policy and Promotion (DIPP) is presently operating round a clean definition for startups to make sure that the regime is to be had to agencies Digital India: This is an initiative led through the Indian authorities to make sure that authorities offerings are made to be had to each citizen via on-line platform. In July 2015, the PM introduced the Digital India initiative that ambitions to attach rural regions through growing their virtual infrastructure. This interprets right into a massive commercial enterprise possibility for startups.

E-Commerce groups in India are making plans to interrupt into India's rural marketplace as part of the authorities' Digital India initiative. In September 2015, PM Modi visited Silicon Valley, US and had conferences with some of founders of era companies and enterprise leaders together with Satya Nadella and Sundar Pichai to speak approximately his targets of growing a higher startup atmosphere According to NASSCOM startup document 2015, each yr greater than 800 tech startups are being installation in India. By 2020, a projected 11,500 tech-startups are going to emerge and could rent round 250,000 people.

Challenges for start up in India

Taxation issue: Taxes like octroi, VAT, excise create issues

for marketers at the same time as setting out a commercial enterprise. NASSCOM has batted for the exemption of each direct and oblique taxes for all startups in India -- Taxation is a barrier for era adoption and proves to be a massive hurdle for budding marketers -- With taxation out of the way, startups may be capable of stem the coins outflow Key steps proposed to extrade the dynamics for the startup space Define a startup.

Supporting Infrastructure: There are some of help mechanisms that play a tremendous position withinside the lifecycle of startups which consist of incubators, technology and era parks, commercial enterprise improvement facilities etc. Lack of get entry to such help mechanisms will increase the danger of failure.

Creating Awareness in Markets: Startups fail due to lack of hobby to barriers withinside the markets. The environment for a startup is typically extra hard than for an established corporation due to area of expertise of the product. The situation is extra hard for a modern-day product due to the fact the startup has to assemble the entirety from scratch.

Exceed Customer Expectations: The subsequent maximum critical venture is gauging the marketplace want for the product, current trends, etc. Innovation performs a critical role, since, that the startup has to fine-music the product services to healthy the marketplace needs (Skok, 2016) ^[13]. Also, the entrepreneur has to have thorough area expertise to counter opposition with suitable strategies. Due to new technology which can be emerging, the venture to offer over and above an in advance innovation is pertinent.

Tenacity of Founders: Founders of startups must be hard while the going receives hard. The adventure of beginning a undertaking is fraught with delays, setbacks and issues without good enough solutions. The entrepreneur desires to be persistent, persuasive, and have to in no way surrender until he/she achieves favored results. History is replete with startups who gave up the combat while matters went wrong. Sometimes the product may be beforehand of its time or can also additionally require complimentary technology /merchandise for the use via way of means of the customers. For instance, Apple needed to put off advent of iTunes until the policies favoured the launch.

Regulations: Starting a commercial enterprise calls for some of permissions from authorities corporations. Although there's a perceptible change, it's miles nonetheless a venture to check in a company. Regulations bearing on hard work laws, highbrow belongings rights, dispute decision etc. are rigorous in India which takes approximately 30 days to conform in comparison to simply nine days in OECD countries. Also, as consistent with World Bank report, "World Bank Ease of Doing Business", India ranks 142 out of 189 economies (Mittal, 2014) ^[14].

Growth Decelerators: Some of the corporations which might be a part of the startup surroundings themselves can every now and then turn out to be hurdles withinside the developing stages. As consistent with Sneh Bhavsar, co-founder and CEO, OoWomaniya, one of the foremost troubles is the impact of incubators, institutes and

comparable firms which attempt to control, control and be the daddies of the start-ups withinside the call of helping, mentoring etc. This desires right coordination the various groups for mutual benefit.

Lack of Mentorship: Milan Hoogan, Vice President -Sales and Marketing at Erfolg Life Sciences feels that loss of right steerage and mentorship is one in all the largest issues that exist withinside the Indian startup surroundings. Most of startups have fantastic thoughts and/or merchandise, however have very little industry, commercial enterprise and marketplace enjoy to get the goods to the marketplace. It is a validated instance that a fantastic concept works best if performed promptly. Lack of good enough mentoring/steerage is the largest venture that could carry a probably true concept to an end.

Lack of a Good Branding Strategy: Absence of a powerful branding approach is every other problem that stops startups from flourishing at a quicker pace. Hemant Arora, Business Head-Branded Content, Times Network opines that branding needs paramount interest because it offers an identification and occupies an area withinside the purchaser minds.

Replicating Silicon Valley: Report suggests that Indian startups get prompted by Silicon Valley fashions which won't reach Indian scenario. Lot of tweaking and changes will be required while transplanted into Indian markets maintaining in thoughts Indian infrastructure in phrases of roads, internet, power and telecom penetration.

Conclusion

At gift day, startup is the brand-new buzzword. Startups are burgeoning like by no means before. Both male and woman marketers are moving into it. Even ladies are coming with extra thoughts and they're taking the danger to maintain their credibility. Indian begin-ups try and construct the begin up surroundings with critical education, talent, innovation and incubators with correspondence to investment agencies. Now the govt. is likewise helping the Start-ups.

According to Nasscom, India ranks 1/3 in worldwide begin-up ecosystem. More than 65% boom is visible withinside the 12 months 2015. Start-up is a possibility for an entrepreneur to teach and encourage others at the same time as a few are considering the way to do and what to do. Although, marketers are going through demanding situations however they're being countered simultaneously. They have the dedication to setup and divert their power to plan, help and execute their desires and contributing to the boom of the economy.

This new initiative of begin-ups pledges fast approvals for beginning the business, less difficult exits, tax rebates and quicker registration for the patents. This initiative holds the capacity of making the roles while the producing zone is having a downfall. For any new concept to come to be a hit task it calls for suitable help, synchronisation and mentoring from stakeholders, govt. and network as well.

Suggestions

In a big nation like India, the entrepreneurial lifestyle will must do to be mounted for entrepreneurial improvement and

this promoted via way of means of following the under stated measures:

- Land, electricity, water, and uncooked fabric need to be made to be had to the marketers, at inexpensive quotes and via way of means of building the commercial estates.
- Special concessions need to be supplied to the marketers occupied in research, innovations and research sports and executors of innovations.
- The entrepreneurial schooling programmes performed via way of means of Central Government, State governments, diverse Government and non-authorities corporations need to be correctly stepped forward and extended.
- Educated unemployed folks and the technically certified individual need to be attracted closer to such programmes, via way of means of supplying them with appropriate incentives.
- Short time period refresher publications need to additionally be organized, now and again for in advance educated marketers to resolve their particular troubles skilled via way of means of them after beginning the industry.

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