

Startup India - Standup India Initiative The Game Changer Of Indian Entrepreneur

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ABSTRACT

The economic survey of India, 2015-16 highlights that there are more than 19,000 startups in India. It is growing day by day and becomes the most prominent tech startup hub in the world. The government has initiated many schemes to boost entrepreneurship with a view to eradicate the unemployment problem in India. The present government under the headship of Prime Minister Narendra Modi launched the startup India program in the year 2016 to support and nourish the entrepreneurship across the country. The main aim of the scheme is to increase the employment rate, wealth creation and to bring innovation in the products and services. The most highlighting feature of this scheme is tax exemption, which can help immensely and furthering their business. For availing the benefits of the Startup India scheme the entity must be recognized by the Department for promotion of Industry and Internal Trade (DPIIT). In this backdrop, this article highlights the benefits of the Startup India Scheme and other financial assistance to entrepreneurs to fuel their growth.

Key words: Startup, entrepreneur, innovation, economic growth and tax exemption.

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Key words: Startup, entrepreneur, innovation, government scheme, economic growth and tax exemption.

Short summary

Entrepreneurs play a crucial role in the development of Indian economy. Depends upon the needs and wants of the society business systems also meets a number of changes. India requires 10 million jobs every year. It is not possible for the government and giant private organizations to provide employment opportunities for all the job seekers. The entrepreneurs not only create self employment and provide employment opportunities to others and which stimulates the economy also. Today the majority of the youth is interested in doing business, since, many energetic and innovative entrepreneurs have set the pathway for a wave of entrepreneurship in the country. The Startup India campaign has been launched to promote entrepreneurship.

In recent years developed nations are looking forward towards emerging nations like India, which gain untapped market potentials. They are trying to link their business with the startups in India. Joint ventures attract the huge foreign fund, which can boost the country's overall development. The Securities and Exchange Board of India (SEBI) has also relaxed some rules to facilitate the flow of funds from the market for startups. This startup scheme encourage the young entrepreneurs of the nation to do wonders in their business.

Startup India is our honourable Prime Minister Narendra Modi's pet project, which was announced by him on 15, August, 2015 in his Independence Day speech in Red fort. It is based on an action plan designed to promote bank financing for startup ventures with a view to encourage entrepreneurship and startups with job creation.

A Startup is a young, dynamic entity built on technology and innovation which was opened within five years with headquarters in India and has an annual turnover less than Rs.25 crore. The founders attempt to capitalize on developing a product or service with their confidence of its huge demand.

Introduction

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In recent years developed nations are looking forward towards emerging nations like India, which gain untapped market potentials. They are trying to link their business with the startups in India. Joint ventures attract the huge foreign fund, which can boost the country's overall development. Securities and Exchange Board of India (SEBI) has also relaxed some rules to facilitate the flow of funds from the market for startups. Sudha (2015) in her article stated that, Entrepreneur's contribution to the economy is of immense value. He or she is indispensable to the economic growth of the country. His or her products are valuable to the overall development of the society. This article welcoming the young entrepreneurs of the nation to join the wave of startup India scheme for their growth and nations wealth creation.



Image Source: upscbuddy.com

Startup India Campaign

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Startup India Recognition

An entity, incorporated and registered in India. It may be a Private Limited Company or Limited Liability Partnership or Registered as a Partnership Firm. The annual turnover of the entity should not exceed Rs. 100 crore for any of the financial years since incorporation/registration. The startup business must have the following aspects, innovation, improvement or development of products or services or processes, or if it is a scalable business model with a high employment generation potentials or wealth creation.

An entity which is formed by splitting up or reconstruction of an established concern shall not be treated as a 'Startup'. An entity shall cease to be a startup on completion of 10 years from the date of registration or incorporation and if the turnover exceeds Rs.100 crore.

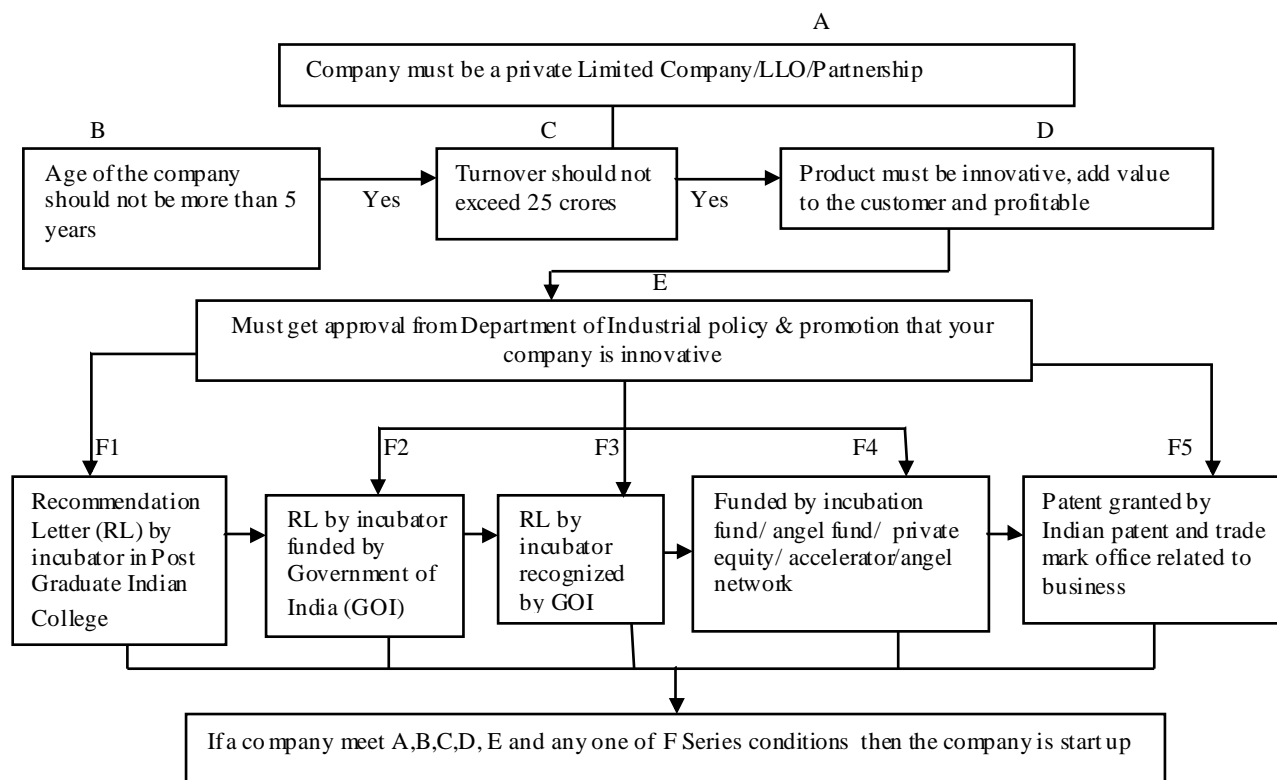
Statement of the problem

India's huge youth population provides a huge business opportunity for any business segment and the future India will be witnessed as a period of demographic bonus. India will become the world's youngest country by the year 2020 with an average age of 29 years and it refers 28% of world workforce. The growth rate of working age population is an added advantage. Startup India is a genuine attempt to boost investor's confidence and an opportunity of investment in Indian entrepreneurial ecosystem.

Objectives of the Study

- To study the startup India concept.
- To study the eligibility for startup.
- To highlight the benefits of the startup India scheme.

Eligibility for Startup



Highlights of Startup Campaign

1. Self certification

The start-ups will adopt self-certification to reduce the regulatory liabilities. The self-certification will apply to laws including payment of gratuity, labour contract, provident fund management, water and air pollution acts.

2. Start-up India hub

An all-India hub will be created as a single contact point for start-up foundations in India, which will help the entrepreneurs to exchange knowledge and access financial aid.

3. Register through app

An online portal, in the shape of a mobile application, will be launched to help start-up founders to easily register. The app is scheduled to be launched on April 1.

4. Patent protection

A fast-track system for patent examination at lower costs is being conceptualised by the central government. The system will promote awareness and adoption of the Intellectual Property Rights (IPRs) by the start-up foundations.

5. Funds of funds with a corpus of Rs 10,000 crore

The government will develop a fund with an initial corpus of Rs 2,500 crore and a total corpus of Rs 10,000 crore over four years, to support upcoming start-up enterprises. The Life Insurance Corporation of India will play a major role in developing this corpus. A committee of private professionals selected from the start-up industry will manage the fund.

6. National Credit Guarantee Trust Company

A National Credit Guarantee Trust Company (NCGTC) is being conceptualized with a budget of Rs 500 crore per year for the next four years to support the flow of funds to startups.

7. No Capital Gains Tax

At present, investments in venture capital funds are exempt from the Capital Gains Tax. The same policy is being implemented on primary-level investments in startups.

8. No Income Tax for three years

Startups would not pay Income Tax for three years. This policy would revolutionise the pace with which startups would grow in the future.

9. Tax exemption for investments of higher value

In case of an investment of higher value than the market price, it will be exempt from paying tax

10. Startup fests

Innovation-related study plans for students in over 5 lakh schools. Besides, there will also be an annual incubator grand challenge to develop world class incubators.

11. Atal Innovation Mission

The Atal Innovation Mission will be launched to boost innovation and encourage talented youths.

12. Setting up incubators

A private-public partnership model is being considered for 35 new incubators and 31 innovation centers at national institutes.

13. Research parks

The government plans to set up seven new research parks, including six in the Indian Institute of Technology campuses and one in the Indian Institute of Science campus, with an investment of Rs 100 crore each.

14. Entrepreneurship in biotechnology

The government will further establish five new biotech clusters, 50 new bio incubators, 150 technology transfer offices and 20 bio connect offices in the country.

15. Dedicated programmes in schools

The government will introduce innovation-related programmes for students in over 5 lakh schools.

16. Legal support

A panel of facilitators will provide legal support and assistance in submitting patent applications and other official documents.

17. Rebate

A rebate amount of 80 percent of the total value will be provided to the entrepreneurs for filing the patent applications.

18. Easy rules

Norms of public procurement and rules of trading have been simplified for the startups.

19. Faster exit

If a start-up fails, the government will also assist the entrepreneurs to find suitable solutions for their problems. If they fail again, the government will provide an easy way out.

Financial Assistance (NASSCOM Startup report, 2015)

Finance Minister Arun Jaitley announced Micro Units Development Refinance Agency (MUDRA) Bank and a Credit Guarantee Fund with a reference capital of Rs. 20,000 crore and Rs.3,000 crore.

In April 2015, the government launched MUDRA Bank to boost the growth of small business and manufacturing units. This bank provide a loan of up to Rs.50,000 to small businesses, loan up to Rs.5,00,000 to little bigger businesses and loan of up to Rs.10,00,000 to the MSME sector.

MUDRA Scheme

On 6th January 2016, the Union Cabinet has given approval to the following proposals-

- The cabinet has approved the creation of a credit guarantee fund for MUDRA loans. It is expected that the fund will guarantee loans of over Rs. 1,00,000 crore to MSME in first instance.

According to the finance minister, the MUDRA scheme is expected to provide benefits to 1.73 crore people. The funds will guarantee loans sanctioned under Pradhan Mantri Mudra Yojana, with effect from 8th April 2015. The cabinet also has given its go ahead to convert MUDRA Ltd. into MUDRA Small Industries Development Bank of India (SIDBI) Bank as a wholly owned subsidiary of SIDBI. Additionally, the government has set a target to provide a total loan of Rs. 1.22 lakh crore to promote new entrepreneurs and fund the unfunded businesses with the help of banks.

India Inspiration Fund:

The finance minister also announced the India Aspiration Fund to encourage the startup ecosystem and allotted Rs.400 crore to various venture funds. He also launched another program called SMILE (SIDBI Make in India Loan to Small Enterprises) with an allocation of INR 10,000 crore. The objective of the scheme is to offer soft loans in the form of quasi-equity and term loans on soft terms to MSMEs.

Conclusion

According to a NASSCOM report of 2015, India is a home to almost 3100 startups starting per year standing just behind the US, UK and Israel. Experts firmly believe that through this campaign, GDP will rise to 24%, which is almost 3 times more than that of current GDP 8%, in the upcoming decade. This revolution will take India into the best place in terms of employment generation and wealth creation. The Prime Minister's flagship Startup India generates more employment and helps for economic progress.

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