



Journal of Research in International Business and Management (ISSN: 2251-0028)
Vol. 11(4) pp. 01-06, August, 2024
Available online @ <https://www.interestjournals.org/research-international-business-management.html>
DOI: <http://dx.doi.org/10.14303//jr.ibm.2024.032>
Copyright ©2024 International Research Journals

Research Article

An Analysis of Government of India's Start-up India Initiatives and Their Impact on Entrepreneurship

Pratiksha Karambe*

Maratha Mandir Institute of Management and Research, Mumbai, Maharashtra, India

E-mail: pratiksha218@gmail.com

Abstract

A start-up is a business or enterprise founded by an entrepreneur to develop, refine, and validate a scalable business model. While entrepreneurship covers all newly established firms, including self-employment and businesses with no plans for growth, start-ups specifically aim to expand beyond sole founder ownership. Start-ups face significant risk and uncertainty initially, but a small percentage achieve notable success and impact.

Start-up India is the Indian government's primary initiative to nurture entrepreneurship and foster innovation. Launched on January 16, 2016, by Prime Minister Narendra Modi, this program supports start-ups through various measures, including bank financing. It aims to stimulate entrepreneurship, drive economic growth, and create employment opportunities across India, reaching Tier 1, 2, and 3 cities, as well as semi-urban and rural areas. The initiative also seeks to promote entrepreneurship among marginalized communities, including SC/ST and women.

Prime Minister Modi envisions India as a nation of entrepreneurs rather than job seekers. The Start-up India mission is to support individuals with innovative ideas and skills, aiding them in establishing and growing their businesses. This initiative is designed to contribute to India's prosperity and global influence by fostering the creation and improvement of products and services while simultaneously generating employment opportunities.

The research identifies essential criteria for eligibility, emphasizing the importance of innovation and technology-driven solutions. The paper concludes with recommendations for improving the accessibility and effectiveness of the Start-up India initiatives, suggesting that addressing these challenges is crucial for sustaining growth and maximizing the impact of start-ups on India's economy.

Keywords: Start-up India, Entrepreneurship, Innovation, Government initiatives, Economic growth, Employment generation, Financial support, Seed Fund Scheme, Fund of Funds for Start-ups, Atal Innovation Mission.

INTRODUCTION

A start-up is a business or enterprise founded by an entrepreneur to develop, refine, and validate a scalable business model. While entrepreneurship covers all newly established firms, including self-employment and businesses with no plans for growth, start-ups specifically aim to expand beyond sole founder ownership. Start-ups face significant risk and uncertainty initially, but a small percentage achieve notable success and impact.

Start-up India is the Indian government's primary initiative to nurture entrepreneurship and foster innovation. Launched on January 16, 2016, by Prime Minister Narendra Modi, this program supports start-ups through various measures, including bank financing. It aims to stimulate entrepreneurship, drive economic growth, and create employment opportunities across India, reaching Tier 1, 2, and 3 cities, as well as semi-urban and rural areas. The initiative also seeks to promote entrepreneurship among marginalized communities, including SC/ST and women.

Received: 01-Jul-2024, Manuscript No. JRIBM-24-140398; **Editor assigned:** 04-Jul-2024, PreQC No. JRIBM-24-140398 (PQ); **Reviewed:** 18-Jul-2024, QC No. JRIBM-24-140398; **Revised:** 30-Jul-2024, Manuscript No. JRIBM-24-140398(R); **Published:** 15-Aug-2024

Citation: Karambe P (2024). An Analysis of Government of India's Start-up India Initiatives and Their Impact on Entrepreneurship. JRIBM. 11: 032.

Prime Minister Modi envisions India as a nation of entrepreneurs rather than job seekers. The start-up India mission is to support individuals with innovative ideas and skills, aiding them in establishing and growing their businesses. This initiative is designed to contribute to India's prosperity and global influence by fostering the creation and improvement of products and services while simultaneously generating employment opportunities.

REVIEW OF LITERATURE

R. Radha and Dr. G. Ilan Kumaran (2018) concluded that Entrepreneurship offers the opportunity to become one's own boss while also providing employment opportunities to others. Launching a business is a challenging endeavor that requires considerable effort, vision, and persistence. India's large population, substantial middle-income segment, educated youth with technical expertise, dominance in IT, and widespread internet and mobile usage are among the factors that have fostered an environment conducive to the growth of the start-up ecosystem across the country.

S. Dharani Dharan, V. Praveen Kumar, P. Abhishek (2019) concluded that Under Start-up India's initiative, financial support for new business ideas is facilitated by banks, with coordination by the Department of Industrial Policy and Promotion (DIPP). Several schemes are offered under this initiative, ensuring that individuals with innovative ideas can avail themselves of the benefits. Consequently, numerous job seekers are expected to secure employment opportunities. Established in 2016, Start-up India aims to significantly reduce the unemployment rate by 2025 through enhanced job prospects.

Dr. Alok Singh and Dr. Sarvesh Singh (2019) concluded that through this initiative, the government aims to promote start-up growth by fostering innovation and design. It is anticipated that by embracing this strategy, the start-up culture will extend beyond the confines of the information technology sector and encompass various other economic domains including agriculture, manufacturing, social services, healthcare, and education. Additionally, the government intends to extend this initiative beyond urban centres to encompass semi-urban and rural regions.

Dr. R. Prince and Ms. S. Sai Kiruba (2019) concluded that the critical challenges facing start-ups, such as the disorganized and fragmented Indian market, ambiguous policy initiatives, inadequate infrastructure, limited knowledge and exposure, and hurdles in conducting business, are now recognized as issues requiring attention. There is a need to review and adapt regulatory frameworks to evolving circumstances. Legislative policy pronouncements can play a role in stimulating start-up development. It is crucial to prioritize the establishment of mentoring infrastructure to enhance awareness and cultivate an entrepreneurial ecosystem.

Dr. S. Pratibha (2020) concluded by analysing the expansion of technology-based and non-tech-based start-ups, as well as the time taken to establish a new company in India in comparison to other nations. Additionally, it juxtaposes the corporate tax rates and bank loan rates applicable to new businesses. Furthermore, it evaluates various projects under the Start-up India initiative and their economic feasibility

Objective of the study

- To understand the various schemes and policies under the Start-up India initiative.
- To evaluate the impact of these schemes on start-up growth and entrepreneurship in India (Agarwal & Lenka, 2016).

RESEARCH METHODOLOGY

Data Collection

This study relies on secondary data. The information was gathered from numerous reports and government websites.

Sources of Secondary Data

The source of the data is government websites.

SCHEMES UNDER STARTUP INDIA

The schemes under Start-up India are as follows:-

1. Start-up India Seed Fund Scheme
2. The Fund of Funds for Start-ups (FFS)
3. The Women Entrepreneurship Platform
4. Pradhan Mantri MUDRA Yojana
5. The Atal Innovation Mission

1. Start-up India Seed Fund Scheme

In 2021, the Indian government established the Start-up India Seed Fund Scheme to bolster early-stage start-ups nationwide. Its objective is to provide financial assistance and facilitate access to start-up capital during the crucial ideation and development phases. Here are several noteworthy aspects of the Start-up India Fund scheme.

Objectives: The primary objective of the scheme is to catalyze innovation, entrepreneurship, and employment generation in India by supporting early-stage enterprises. It aims to provide financial aid, mentoring, and additional resources to help start-ups transform their concepts into viable and sustainable ventures.

Funding: Through an equity-based approach, the scheme offers financial support to enterprises. Start-ups chosen under the scheme may receive initial funding of up to

INR 5 crores (approximately USD 670,000). The funding is administered through DPIIT-registered incubators and accelerators.

Eligibility Criteria: Start-ups seeking to benefit from the scheme must satisfy specific criteria, including being recognized by DPIIT as a qualified start-up, possessing a minimum viable product (MVP), and presenting a business plan demonstrating significant innovation and scalability potential. The scheme is inclusive, welcoming start-ups from diverse industries and sectors.

Use of funding: Start-ups have the flexibility to utilize the funding they acquire for various purposes, including proof of concept development, prototype creation, product testing, market entry endeavors, and operational expansion. The funds are specifically earmarked to bolster early-stage initiatives and bridge the funding deficit during the crucial developmental phases of the start-up.

The following are the details of the amount allocated and used under the Start-up India Seed Fund Scheme per state/UT as of February 03, 2023 Table 1.

2. The Fund of Funds for Start-ups (FFS)

The Fund of Funds for Start-ups (FFS) is an initiative launched by the Government of India under the Start-up India program. It functions differently from the Start-up

India Seed Fund Scheme (SISFS) we discussed earlier. Here's a breakdown of FFS:

Objectives: Provide an indirect way to channel funds to start-ups by investing in venture capital and private equity funds (called Daughter Funds). Encourage more domestic capital to flow into the Indian start-up ecosystem. Help start-ups access funding at various stages of growth.

Allocation of Funds: The government has earmarked INR 10,000 crore (approximately \$1.3 billion) for the FFS, which will be disbursed over four years.

Fund Manager: The Small Industries Development Bank of India (SIDBI) serves as the manager of the FFS (Fund of Funds Scheme) in its capacity as the Fund of Funds Manager (FFM). SIDBI selects and invests in daughter funds, which are Alternative Investment Funds (AIFs) registered with SEBI.

Investment strategy: The FFS operates as a "fund of funds" by allocating investments to a portfolio of daughter funds, which subsequently invest in businesses at different stages of development.

Investment Focus: The FFS prioritizes investments in daughter funds that show dedication to supporting entrepreneurs across various sectors and stages, including technology, healthcare, agriculture, and manufacturing.

Table 1. Start-up India Seed Fund Scheme per state/UT as of February 03, 2023.

| Name of State/ UT | Total Amount Allocated (approved to the selected incubators) * (In Rs. Crore) | Total Amount Utilized (disbursed to the selected incubators) (In Rs. Crore) |
|--------------------|---|---|
| Andhra Pradesh | 4 | 1.68 |
| Assam | 2 | 0.84 |
| Bihar | 10 | 4.2 |
| Chhattisgarh | 1 | 0.42 |
| Delhi | 16 | 6.62 |
| Goa | 11.8 | 4.96 |
| Gujarat | 65 | 25.52 |
| Haryana | 7 | 2.94 |
| Himachal Pradesh | 8 | 2.1 |
| Karnataka | 49.5 | 22.64 |
| Kerala | 18 | 9.14 |
| Madhya Pradesh | 12 | 5.04 |
| Maharashtra | 74.5 | 26.04 |
| Odisha | 22 | 9.24 |
| Puducherry | 8 | 3.36 |
| Punjab | 13 | 5.46 |
| Rajasthan | 33.5 | 14.07 |
| Sikkim | 3 | 1.26 |
| Tamil Nadu | 34 | 19.65 |
| Telangana | 39.95 | 20.57 |
| Uttar Pradesh | 30 | 16.71 |
| Uttarakhand | 10 | 4.2 |
| West Bengal | 5 | 2.1 |
| Grand Total | 477.25 | 211.63 |

Citation: Karambe P (2024). An Analysis of Government of India's Start-up India Initiatives and Their Impact on Entrepreneurship. JRIBM. 11: 032.

Source: Authors' classification based on research reviewed

Funding Structure: The FFS provides funding to daughter funds, which are expected to invest at least double the amount in start-ups compared to the contribution from the FFS. This encourages greater private-sector investment in the start-up ecosystem (Kamaluddin & Sridhar, 2021).

The following are the details of the amount allocated and used under the Fund of Funds for Start-ups as of February 03, 2023 Table 2.

3. The Women Entrepreneurship Platform

The Women Entrepreneurship Platform (WEP) is a government initiative aimed at nurturing and empowering women entrepreneurs across India. Its objective is to offer a range of resources, networking avenues, and a supportive ecosystem to facilitate the establishment, expansion, and success of women-led businesses. Here are some essential aspects of the Women's Entrepreneurship Platform:

Objective: The main goal of the Women Entrepreneurship Platform is to empower and support women entrepreneurs, enabling them to achieve success and self-sufficiency. It aims to establish an ecosystem conducive to women's entrepreneurship and foster their active participation in the economy.

Online Platform: WEP operates as a digital platform that provides women entrepreneurs with an online space to connect, collaborate, and access various resources. It features a dedicated website where women entrepreneurs can register and showcase their businesses.

Networking and Collaboration: WEP facilitates networking and collaboration among women entrepreneurs by connecting them with mentors, industry experts, and fellow entrepreneurs. It promotes the exchange of ideas, the sharing of knowledge, and the formation of partnerships.

Knowledge and Learning: The platform offers a wide array of learning resources, including webinars, workshops, training programs, and skill development initiatives. These resources enable women entrepreneurs to enhance their business skills, broaden their knowledge, and stay abreast of industry developments.

Funding and Financial Support: WEP offers guidance and resources on available funding opportunities for women entrepreneurs. It facilitates connections with financial institutions, venture capital firms, and government initiatives that provide financial backing for business expansion (NASSCOM, 2015).

4. Pradhan Mantri MUDRA Yojana

The Pradhan Mantri MUDRA Yojana (Micro Units Development and Refinance Agency) is a key initiative initiated by the Indian government in 2015. Its objective is to extend financial aid to micro and small enterprises (MSEs) and foster entrepreneurship among individuals in the non-corporate, non-farm sector.

Objectives: The main goals of the program include facilitating access to institutional finance for micro and small business ventures, encouraging income generation, and fostering the growth and advancement of the micro-enterprise sector.

Loan Categories: The program provides loans categorized into three stages, namely "Shishu," "Kishore," and "Tarun," each tailored to address varying stages of business development and financial needs.

- Shishu:** Under this classification, loans of up to ₹50,000 are extended to newly established businesses or start-ups.
- Kishore:** This segment provides loans ranging from ₹50,001 to ₹5 lakh for established businesses seeking additional financial support.
- Tarun:** Within this category, loans ranging from ₹5,00,001 to ₹10 lakh are offered to enterprises requiring significant capital for expansion.

Eligibility: Individuals, small businesses, or entities involved in income-generating endeavors such as manufacturing, trading, or services are eligible to access loans through the scheme. There is a particular focus on women entrepreneurs and individuals from socially and economically disadvantaged communities.

Loan Types: MUDRA loans are mainly classified as either working capital loans or term loans, depending on the

Table 2. Fund of Funds for Start-ups as of February 03, 2023.

| Name of State/ UT | Total Amount Allocated in Rs. Crore (Committed to the Alternative Investment Funds) | Total Amount Utilised in Rs. Crore (Drawdowns made by the Alternative Investment Funds and Disbursed by SIDBI) |
|--------------------|--|---|
| Assam | 25 | 16.48 |
| Delhi | 751 | 539.31 |
| Gujarat | 100 | 51.75 |
| Haryana | 111 | 34.42 |
| Karnataka | 1,719.75 | 754.15 |
| Maharashtra | 4,241.20 | 1,450.58 |
| Tamil Nadu | 450 | 279.05 |
| Telangana | 130 | 78.56 |
| Grand Total | 7,527.95 | 3,204.29 |

Table 3. Atal Innovation Mission available data.

| Impact | Numbers |
|---|---------|
| Atal Tinkering Labs (ATL) | 10000 |
| Atal Incubation Centres (AIC) | 69 |
| Startups Supported | 2900 |
| Mentors of Change | 5800 |
| Applied Research and Innovation for Small Enterprises Challenge | 15.00 |
| Atal Community Innovation Centres | 14 |
| Atal New India Challenges | 24 |
| Domestic & International Partnerships | 40 |

business's nature and its needs. Typically, these loans do not require collateral, and the interest rates may differ based on the lending institution and the borrower's credit history (Shah & Jokhi, 2023).

5. The Atal Innovation Mission

The Atal Innovation Mission (AIM) is a leading program initiated by the Government of India within the framework of NITI Aayog (National Institution for Transforming India). Established in 2016, its primary objective is to foster innovation and entrepreneurship nationwide. Here are some fundamental aspects of the Atal Innovation Mission:

Objective: The principal goal of AIM is to cultivate an environment conducive to innovation and entrepreneurship among students, researchers, and entrepreneurs in India. Its focus is on encouraging creative solutions to address significant societal issues and nurturing the growth of a strong start-up ecosystem.

Atal Tinkering Labs (ATLs): A pivotal element of AIM is the creation of Atal Tinkering Labs in schools throughout India. These labs offer practical learning opportunities to students, inspiring them to experiment and create. They come fully equipped with tools, machinery, and materials for engaging in activities like robotics, 3D printing, the Internet of Things (IoT), and beyond.

Atal Incubation Centres (AICs): AIM facilitates the creation of Atal Incubation Centres (AICs), specialized hubs that offer guidance, facilities, and financial backing to start-ups. AICs concentrate on distinct sectors like technology, healthcare, agriculture, clean energy, and manufacturing, to foster and expedite the development of inventive start-ups.

Atal New India Challenges (ANIC): AIM conducts Atal New India Challenges (ANIC) to discover inventive solutions to critical challenges encountered across various sectors. These challenges invite start-ups, entrepreneurs, and researchers to submit their ideas and proposals for addressing specific problem statements. Participants selected from these submissions receive funding, mentorship, and support to develop and scale their solutions.

The Atal Innovation Mission available data are as follows Table 3.

Future Research

Future research could explore the long-term impact of Start-up India schemes on economic development and innovation. Comparative studies with similar initiatives in other countries could also provide valuable insights (Sharma & Ritu, 2023).

CONCLUSION

The Start-up India initiative has significantly advanced entrepreneurship and innovation in India, demonstrating a clear positive impact on the start-up ecosystem. While challenges persist, addressing these will be key to sustaining growth for start-ups in the country.

An in-depth analysis of the Start-up India initiatives reveals valuable insights into their benefits, challenges, and qualification criteria. This comprehensive assessment of the policies and measures introduced under the program highlights their effectiveness in fostering entrepreneurship, generating jobs, and stimulating economic progress. The benefits of the start-up India schemes include access to funding, tax incentives, simplified regulations, and supportive infrastructure, all of which create a nurturing environment for start-ups. These advantages have enabled start-ups to innovate, expand their operations, and significantly contribute to the economy.

Despite these successes, the study also identifies several challenges that start-ups face, such as limited funding accessibility, regulatory complexities, talent acquisition difficulties, and intense market competition. Addressing these obstacles is essential to creating a more supportive environment for start-up success.

The research outlines the eligibility criteria for the start-up India schemes, emphasizing the importance of innovation, technology-driven solutions, and specific turnover and age requirements for start-ups to qualify for the benefits. The positive impact of the start-up India schemes is evident in job creation, innovation, and market expansion. Supported start-ups have been instrumental in generating employment, driving technological advancements, and fostering overall growth in India's start-up ecosystem.

Furthermore, the study highlights areas for improvement, such as enhancing accessibility to the schemes, streamlining procedures, and addressing sector-specific needs. The recommendations can help policymakers and stakeholders refine the start-up India initiatives, thereby maximizing their impact and fostering a thriving start-up environment in India.

REFERENCES

- Agarwal, S, & Lenka, U (2016). An exploratory study on the development of women entrepreneurs: Indian cases. *J Res Mark Entrep*, 18(2), 232-247.
- Kamaluddin, F.A, & Sridhar, K.S (2021). *Indian Startup Ecosystem: Analysing Investment Concentration and Performance of Government Programmes*.
- NASSCOM, Z (2015). *Start-up India Momentous rise of Indian start-up ecosystem*. Delhi: NASSCOM.
- Shah, F.C.A, & Jokhi, E.M (2023). A study on effect of Government Policies on Start up. *Gap Gyan*, 6(1), 52-57.
- Sharma, A, & Ritu, N.R (2023). Role of Government Schemes in Supporting Startups in India: A Quantitative Investigation. *European Economic Letters (EEL)*, 13(1), 276-280.