



## Startup in India –Stand Up India Retrospect and Prospects

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### Abstract

India is rapidly emerging as a premier platform for entrepreneurs and startups, with significant contributions from innovative minds and successful entrepreneurs across small towns. The "Startup India; Standup India" initiative, launched in 2018, aims to create abundant opportunities and bolster India's startup ecosystem. This initiative establishes a robust framework for fostering innovation and startups, driving sustainable economic growth, and generating widespread employment opportunities. The government's goal is to empower startups through innovation and design. The "Standup India" initiative focuses on promoting entrepreneurship among Scheduled Castes (SCs), Scheduled Tribes (STs), and women. The rural counterpart of Startup India is the Deen Dayal Upadhyay Swaniyojan Yojana. Both initiatives were launched by the Department of Industrial Promotion and Policy (DIPP) to nurture entrepreneurial talent and innovation across diverse communities. The study will examine the retrospective and prospective aspects of the "Startup India; Standup India" initiative, addressing the challenges and providing suggestions to enhance the program's success. This research contributes to a nuanced understanding of the Indian startup ecosystem by meticulously evaluating the initiative's successes, failures, and future directions, thereby providing a foundation for evidence-based policies to nurture startup growth. As Dhirubhai Ambani once said, "Ideas are no one's monopoly. Think big, think fast, and think ahead."

**Keywords:** Entrepreneur, innovation product, Startup & Standup India' Swaniyojan Yojana

### 1. Introduction

Prime Minister Narendra Modi first announced the "Startup India; Standup India" campaign during his Independence Day speech from the Red Fort on August 15, 2015. Following this announcement, the BJP government officially launched the initiative on January 16, 2016, to empower India's youth by providing a platform for their innovative and creative ideas. While Indian youth are talented, skilled, and brimming with creativity, they often face challenges due to a lack of robust support and proper guidance. This initiative seeks to inspire and encourage new entrepreneurs to start their businesses, advancing their careers and significantly contributing to the country's economic growth. 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 [13]

temporary business organization A startup is defined as a business that: Engages in the development, production, or distribution of new products, processes, or services New and in 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 According to an Infosys Co-founder, a startup is defined as a business: Within the first three years of its existence Employing 50 people or less Revenue of INR 5 cr. or less. [1]

### 2. Startups India

"Startup India" is a government initiative launched in 16th January 2016 to encourage and assist the establishment of new businesses in India. Its goal is to create a favorable ecosystem for startups, foster



economic growth, and generate employment opportunities.

### 2.1 Innovation

Startups are rooted in innovation. They strive to address deficiencies in existing products or create entirely new categories of goods and services. By doing so, they disrupt entrenched ways of thinking and doing business within entire industries. [2]

### 2.2 Unique Product or Service

A startup aims to develop a product or service that is distinct from what already exists. This uniqueness is essential for attracting customers and making the offering irresistible and irreplaceable. [12]

### 2.3 Speed and Growth

Startups operate with a focus on speed and growth. They iterate quickly and continuously improve their products based on feedback and usage data. Often, they begin with a minimal viable product (MVP) and refine it until it's ready for the market.

### 2.4 Disruption

Many startups are known as "disruptors" because they challenge established norms and change the status quo. They seek to revolutionize industries and create new possibilities.

### 2.5 Scale

Startups aspire to reach a large audience. Unlike individual restaurants, which serve thousands of customers, successful startups can potentially reach tens of millions of customers.

### 2.6 Simplification and Handholding

Easier compliances, regulatory and patent support, market access and funding support, and a web portal for Startups to network and access tools to succeed. [11]

### 2.7 Funding & Incentives

Exemptions on Income Tax and Capital Gains Tax for eligible startups; Seed Fund, Fund of Funds, investor connect portal, and a credit guarantee scheme to infuse more capital into the startup ecosystem. [10]

### 2.8 Incubation & Industry-Academia Partnerships

Incubators and innovation labs, MAARG mentorship connect, events, competitions, and grants to help your Startup grow.

## 2.9 Why Startup India

- To Limit State Policy Dependency for New Businesses
- To Eliminate License Raaj which hinders the growth of Entrepreneurs – Like, Land Permissions – Foreign Investment Proposals – Environmental Clearance
- The core objective is to generate Maximum Employment. [3]

## 3. Standup India

A new campaign "Standup India" to help startups with bank funding and encourage entrepreneurship among young Indians has been launched. Standup India: On 6th January 2016, the Union Cabinet has approved 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. The scheme intends 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 to them. The Department of Industrial Policy and Promotion (DIPP) is currently working around a clear definition for startups to ensure that the regime is available to businesses. Stand-up India: Purpose: Stand-Up India focuses on promoting entrepreneurship among specific groups: Scheduled Caste (SC) and Scheduled Tribe (ST) individuals. Women entrepreneurs. Eligibility Criteria: Individuals must belong to the SC/ST category or be female entrepreneurs. They should intend to set up a greenfield enterprise (new venture). Loans are available between ₹10 lakhs and ₹1 crore. Loan Features: Composite loans covering up to 75% of project costs. Repayment period of 7 years with an 18-month moratorium. Minimal interest rates. Shareholding Requirement: In non-individual enterprises, at least 51% of the shareholding and controlling stake should be held by SC/ST or women entrepreneurs. Focus Areas: Manufacturing, services, Agri-allied activities, or trading sectors. Restrictions: Not applicable to projects on pre-



existing land or buildings. [4]

#### 4. Literature Review

The 'Startup India' initiative aims to foster entrepreneurship in India. A recent study using semi-structured interviews identifies key challenges faced by startups, including regulatory and support issues. The findings underline the necessity for targeted policy interventions to improve the startup ecosystem. These insights can help develop strategies to overcome obstacles and nurture a vibrant entrepreneurial environment in India. This research examines India's demographic dividend and how entrepreneurship can drive economic growth, with a focus on the Stand-Up India scheme designed to empower women. The study will evaluate the benefits women entrepreneurs gain from this scheme and assess its impact on women's empowerment in Punjab. Both primary and secondary data will be utilized. The Number of loans granted to women entrepreneurs and the ease of accessing these funds. The Improvements in decision-making power, financial independence, and social status. Why Stand Up India? Stand Up India is a flagship initiative of the Government of India aimed at promoting entrepreneurship among Scheduled Castes (SC), Scheduled Tribes (ST), and women. The primary goal is to empower these marginalized sections of society by providing them with financial assistance to set up their enterprises. [8]

#### 5. Objectives of The Study

- To Examine the detailed landscape of startups and stand-up initiatives.
- To Assess the potential for growth and expansion of startups in India.
- To Identify the challenges and bottlenecks faced by startups in the country.
- To Review the various policies, programs, and agencies that support and enhance the startup ecosystem. [7]

#### 6. Research Methodology

The paper is based on secondary data and data is procured from published sources like the websites of The Information Technology Act 2000, (also known as ITA-2000, data sourced from various reports, journals, magazines, articles, and websites. Data Collection: Secondary data was compiled from

government, industry, and academic sources. Data Analysis: A qualitative analysis was conducted to examine policy efficacy, economic impact, industry trends, and startup challenges. [9]

#### 7. Startups and Stand-Up Initiatives

**Startup Sectors:** Understand the different areas where startups operate, including technology, healthcare, finance, education, and more. Also, differentiate between tech and non-tech startups.

**Geographical Spread:** Analyze startup locations—whether they concentrate in big cities or are emerging in smaller towns and rural areas.

**Funding Sources:** Study funding options like venture capital, angel investors, government grants, and crowdfunding. Explore overall investment trends in the startup ecosystem.

**Entrepreneur Demographics:** Learn about entrepreneurs' age, gender, education, and prior experience.

**Support Systems:** Evaluate the role of government policies, incubators, accelerators, and industry bodies in supporting startups.

**Challenges and Opportunities:** Identify obstacles faced by startups (regulatory issues, market access, competition) and growth opportunities

#### 8. Potential for Growth And Expansion of Startups

**Identification of High-Growth Sectors:** The assessment helps identify sectors with the highest potential for growth, such as technology, healthcare, fintech, edtech, and renewable energy. Understanding Market Opportunities: It reveals untapped market opportunities and niches that startups can explore, providing a roadmap for innovation and diversification.

**Strategic Investment Insights:** The analysis provides valuable insights for investors, highlighting areas where investment can yield high returns. This can attract more venture capital, angel investors, and private equity to the Indian startup ecosystem, enhancing the availability of funding.

**Policy and Infrastructure Recommendations:** The findings can inform policymakers about the necessary infrastructure, regulatory support, and policy changes needed to facilitate startup growth. This may include improvements in digital



infrastructure, easier access to funding, and streamlined regulatory processes.

**Global Competitiveness:** Understanding the growth potential helps position Indian startups on the global stage, enabling them to compete internationally. This can lead to increased global partnerships, exports, and international market penetration.

**Enhanced Support Systems:** The assessment can lead to the development of more targeted support systems, such as specialized incubators, accelerators, and mentorship programs, tailored to the needs of high-potential startups.

### 9. Identify The Challenges And Bottlenecks Faced By Startups

**Regulatory Hurdles:** Complex bureaucratic processes delay business operations. Obtaining licenses and permits can be time-consuming and costly.

**Funding and Financial Constraints:** Limited access to capital from investors or financial institutions. High-interest rates on loans affect financial management.

**Market Competition:** Intense competition from established companies and other startups. Breaking into existing markets and gaining consumer trust is challenging.

**Infrastructure Issues:** Inadequate physical infrastructure (transportation, logistics, utilities). Digital divide—limited access to high-speed internet in rural areas. Talent Acquisition and Retention: Difficulty finding skilled professionals. High attrition rates due to competition from larger firms.

**Intellectual Property (IP) Challenges:** Lack of awareness about IP protection. Securing patents, trademarks, and copyrights is complex.

**Market Demand and Consumer Insights:** Understanding consumer needs and preferences. Limited resources for market research.

**Mentorship and Networking:** Access to experienced mentors is crucial. Building connections with investors and industry experts.

**Government Policies and Support:** Inconsistent policies create uncertainty. Limited targeted financial support for startups.

**Cultural and Societal Factors:** Risk aversion affects entrepreneurial endeavors. Social norms may

discourage certain groups from pursuing entrepreneurship. [5]

### 10. Review The Various Policies, Programs, And Agencies That Support and Enhance the Start-up Ecosystem

**Promoting Startups and Innovation Startup India:** This flagship program offers tax benefits, simplified regulations, and funding support to startups.

**Atal Innovation Mission (AIM):** Focuses on cultivating a culture of innovation through incubators, innovation centers, and challenge programs.

**Make in India:** Encourages manufacturing within India, benefiting startups in the manufacturing sector.

**Digital India:** Improves online infrastructure, supporting digital startups.

**Financial Support Fund of Funds for Startups (FFS):** Provides financial assistance to startups through venture capital funds.

**Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE):** Reduces lending risks for startups by offering credit guarantees.

**Seed Fund Scheme:** Offers early-stage funding to help startups transform ideas into products.

**Institutional Support NITI Aayog:** Formulates policies to support innovation and entrepreneurship.

**Small Industries Development Bank of India (SIDBI):** Provides financial and developmental support to startups.

**Department for Promotion of Industry and Internal Trade (DPIIT):** Offers Startup India recognition, providing benefits like easier compliance and IPR support Infrastructure and Ecosystem.

**Technology Business Incubators (TBIs):** Support technology-based startups within educational institutions.

**Private Accelerators and Incubators:** Offer mentorship, resources, and funding to startups.

**Tax Benefits and Regulatory Support Tax Exemptions:** Startups enjoy income tax exemptions for the first three years of operation.

**Capital Gains Tax Exemption:** Offers tax benefits on capital gains invested in startups.





**Simplified Regulations:** Reduced compliance burden for startups.

**Fostering Innovation and R&D Innovation Labs:** Support the establishment of innovation labs across various sectors.

**Innovation Challenges and Grants:** Provide funding for innovative projects. Networking and Community Building Startup.

**India Hub:** An online platform offering information, networking, and resources.

**Industry Associations:** Organizations like NASSCOM, FICCI, and CII provide support and networking opportunities.

**Sector-Specific Support Biotechnology Industry Research Assistance Council (BIRAC):** Supports biotech start-ups.

**Agri-Tech and Fintech Initiatives:** Specific programs for startups in agriculture and finance.

### Conclusion

It is a positive step towards helping the Indian entrepreneurs. The Govt of India recognizes the need for institutional assistance. India is still taking its initial steps in promoting START UPs compared to other EU countries, the US and Singapore. Skill India programme observations by eminent Indian entrepreneurs. Access to funding, Access to resources, Easier regulatory compliance norms, Relaxation of existing tax laws, etc. At present day, start-ups are growing like a grapevine. Both males and females are getting into it. Even females are coming up with more ideas and they are taking the risk to sustain their credibility. Indian start-ups attempt to build the start-up environment with important education, talent, innovation, and incubators with correspondence to funding agencies. It is building a strong ecosystem for nurturing innovation and startups in the country that will drive sustainable economic growth and generate large-scale employment opportunities. Start-up is an opportunity for an entrepreneur to educate and inspire others while some are thinking of how to do and what to do. Although, entrepreneurs are facing problems but still they are rising like the sun. They have the determination to set up and divert their energy to plan, support, and execute their dreams and contributing to the growth of the economy.

**Increased Entrepreneurship:** The scheme has facilitated the entry of new entrepreneurs from marginalized communities into the formal economy, supporting them in establishing and managing businesses.

**Job Creation:** By backing new enterprises, the scheme has contributed to job opportunities across various sectors, benefiting individuals and communities.

**Financial Inclusion:** Traditionally underserved groups have gained improved access to credit through the scheme, promoting financial inclusion and more equitable economic development.

**Social Empowerment:** Targeting SC, ST, and women entrepreneurs, the scheme has broken down barriers to economic participation, enhancing the socio-economic status of these groups.

**Diverse Business Development:** Eligibility across manufacturing, services, and trading sectors has encouraged a wide range of business activities, fostering a more diversified economy. This new initiative of start-ups pledges rapid approvals for starting the business, easier exits, tax rebates, and faster registration for the patents. New entrepreneurs producing unique non-existing products and services that may also add value to available products and services. Majorly these schemes focus on R&D and manufacturing of products etc. Pioneer education intuition are powerhouse with youth blood in making the success of the scheme and economic advance India in the future making it a profitable center for innovation and thinking. [6]

### Suggestion

**Retrospective Analysis: Impact Assessment:** Evaluate the actual impact of the “Stand Up India” initiative since its launch in 2016. Consider metrics such as the number of startups established, job creation, and economic growth.

**Challenges Faced:** Identify the challenges faced by startups during this period—regulatory hurdles, funding constraints, market competition, etc.

**Prospects for the Future: Policy Refinement:** Continuously refine and adapt policies to address emerging challenges. Regularly assess the regulatory framework and make necessary adjustments.



**Innovation Ecosystem:** Strengthen the innovation ecosystem by fostering collaboration between startups, research institutions, and industry players.

**Skill Development:** Invest in skill development programs to create a talent pool equipped with relevant skills for the startup sector.

**Access to Capital:** Enhance access to capital through innovative funding mechanisms, venture capital networks, and angel investor networks.

**Digital Infrastructure:** Improve digital infrastructure across the country to bridge the urban-rural divide and enable seamless business operations.

**Global Integration:** Encourage startups to explore global markets. Facilitate international partnerships and export opportunities.

**Inclusivity:** Ensure inclusivity by supporting startups led by women, marginalized communities, and differently-abled entrepreneurs.

**Identify Your Eligibility and Research Incubators:** Ensure your start up works on cutting-edge technologies such as IoT, AI, Block chain, and Robotics. Identify the 51 incubators participating in the TIDE 2.0 scheme. These incubators are spread across India, so look for ones that are the best fit for your start-up's Focus and Location.

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