

**EFFECTS OF STARTUP ACTION PLAN ON STARTUPS IN INDIA**

GAURAV BAGRA  
ASSISTANT PROFESSOR  
AMITY BUSINESS SCHOOL  
AMITY UNIVERSITY RAJASTHAN  
CONTACT: +919828061771  
EMAIL ID: [gaurav.bagra@gmail.com](mailto:gaurav.bagra@gmail.com)

GAURAV MISHRA  
MBA STUDENT  
AMITY BUSINESS SCHOOL  
AMITY UNIVERSITY RAJASTHAN  
CONTACT: - +919950807813  
EMAIL ID : [gmishra1994@gmail.com](mailto:gmishra1994@gmail.com)

**ABSTRACT :**

*India is a country of youth, which continuously comes up with new ideas and innovations. And in the era of innovations many young people have guts of launching new business start ups, but due to certain norms and reasons most of these starts doesn't become able to make their plan success. Even after getting a good start they leads to failure. Here, this research is done on the current "STARTUP ACTION PLAN" launched with PM Modi; that how it will help to make these start ups a success. The study includes analysis of few start ups plans which have been launched in recent years, and got failed. If the plan would be executed at that time; than what would be the result of those star ups, may be they could get success. As the study of near about 11 start up plans which could get success but they were commenced in 2015 and could not survive till 2016; clearly states that, there are the reasons which are hurdles in the way of these new coming businesses. This research will be providing a clear view that how this plan will be effecting, whether it will bring a positive result or a negative result. This paper will be helpful for the people who are taking initiatives for new businesses, and seeking to know about the effects made with this new scheme of PM. The rest of the part of paper includes:*

- *Introduction*
- *Objectives of Study*
- *Research Methodology*
- *Research Process*
- *Findings & Conclusions*
- *Bibliography*

**Keywords:** Start ups, Startup Action Plan, Initiative, Innovations.

## 1. INTRODUCTION :-

- Startup India crusade depends on an achievement plan went for advancing bank financing for start-up dares to improve private venture and encourage new companies with occupations development. The operation was basically declared with Prime Minister Narendra Modi in his 15 August, address from the Red Fort. It is resolved on to hamper capacity of States in methodology region and to get free from "permit raj" and obstacles like in ground authorizations, far off cost application, environmental clearances. It was outfitted with Department of Industrial Policy and Promotion (DIPP).
- The undertaking was initiated on 16 January 2016 with the financing parson Arun Jaitley. Amidst the participants were roughly 40 top CEOs and startup originators and financial specialists as of Silicon Valley as strange guests together with Masayoshi Son, CEO of SoftBank, Kunal Bahl, author Snapdeal, Ola organizer Bhavish Agarwal, Paytm originator Vijay Shekhar Sharma, Travis Kalanick, organizer of Uber, Adam Nuemann, CEO of WeWork, Prateek Kr. Bhowmick, Co-author of Review Adda, Sachin Bansal, organizer of Flipkart and others.
- The workplace of Human Resource Development and the Department of Science and Technology have chosen to relate in an activity to put up more than 75 such startup hold up centers in the National Institutes of Technology (NITs), the Indian Institutes of Information Technology (IIITs), the Indian

Institutes of Science Education and Research (IISERs) and National Institutes of Pharmaceutical Education and Research (NIPERs).

- The Reserve Bank of India trusted it will get stepping stool to help recoup the 'simplicity of working together's in the country and give to a bionetwork that is good for the extension of new companies.

### Start-up means:-

- An unit, included or enlisted in India.
- Not grown-up than five years.
- Once a year income does not more than INR 25 crore in some first monetary year.
- Working toward innovation, development, utilization or commercialization of crisp products, procedures or administrations decided with skill or consistent belonging.
- It is essential to note taking after focuses.
- Provided that such body is not moulded with splitting up, or redesign, of an industry beforehand in continuation.
- Provided too that an element might stop to be a Start-up if its income for the past budgetary years has surpassed INR 25 crore or it has completed 5 years from the date of incorporation.
- Provided extra that a Start-up might be appropriate for duty compensation simply behind it has acquired documentation from the Inter-Ministerial Board, group for such reason.
- A percentage of the key terms utilized as a part of definition are further cleared up as takes after.
- Importance of an "Element".

- Private Limited Company (underneath The Companies Act, 2013) or a Registered Partnership Firm (under The Indian Partnership Act, 1932) or Limited Liability Partnership (under The Limited Liability Partnership Act, 2008)
  - A business is secured under the definition on the off chance that it expects to create and market .
  - A unique item or administration or system; or
  - A extensively upgraded existing item or administration or movement that determination make or include worth for purchasers or work process.
  - The basic demonstration of embryonic items or administrations or procedures which don't contain feasible for commercialization; or undifferentiated items or administrations or procedures; or merchandise or administrations or procedures through no or deficient incremental cost for customers or work process would not be encased underneath this portrayal.
  - All together for a "Startup" to be viewed as qualified, the Startup ought to
  - Be upheld with a recognition (with perspective to spearheading character of business), in a game plan indicated with DIPP, starting an Incubator perceived in a post-graduate school in India; or
  - Be upheld with a hatchery which is subsidized (in connection to the venture) as of GoI as component of a particular technique to bolster development; or
  - Be upheld with a suggestion (concerning inventive nature of business), in an arrangement determined with DIPP, from an Incubator perceived with GoI; or
  - Be subsidized with an Incubation Fund/Angel Fund/Private Equity Fund/Accelerator/Angel Network properly enrolled with SEBI\* that embraces creative nature of the business; or
  - Be subsidized with GoI as a feature of any predetermined plan to advance development; or
  - Have a patent conceded with the Indian Patent and Trademark Office in regions partnered with the way of business being advanced.
  - (DIPP may distribute a "negative" rundown of assets which are not qualified for this activity)
  - Between Ministerial Board
  - An Inter-Ministerial Board setup with DIPP to confirm the historic demean or of the business for surrendering charge related advantages Approval as of the Inter-Ministerial Board might not in a few style, limit or discharge the entity(ies) from a couple of liabilities brought about in envelope of any distortion cheat emerging from capitulation of such reason as well as obstinate such application.
- 2. OBJECTIVES OF STUDY :**
- =
- To discover the advantages of recently dispatched startup arrangement with government.
  - Estimation of effects to be seen after the execution of the arrangement.
  - Estimation of contrast in recently began organizations and organizations which were already begun and did not get achievement, but rather if the arrangement would around then than may those new companies got profited.

- Due to usage of this arrangement, how it will help in boosting up the financial state of country.

### **3. RESEARCH METHODOLOGY :-**

**Research Design: - Descriptive Research**

**Information Collection: - Secondary Data**

### **4. RESEARCH PROCESS :-**

#### **4.1 STARTUP ACTION PLAN IN DETAIL:-**

##### **Things proposed in startup activity arrangement: -**

- Compliance Regime in light of Self – Certification.
- Startup – India Hub
- Rollout of Mobile and Portal
- Legal Support and Fast Tracking Patent Examinations at Lower Costs.
- Relaxed Norms of Public Procurements for Setups.
- Faster growth for Startups.
- Providing Funding Support through an 'Assets of Funds' with a Corpus of INR 10,000 crore.
- Credit Guarantee Fund for Startups.
- Tax Exemption on Capital Gains.
- Tax Exemptions to Startups for a long time.
- Tax Exemption on Investments above Fair Market Value.
- Organizing Startup Fests for Showcasing Innovation and Providing a Collaboration Platform.
- Launch of Atal Innovation Mission (AIM) with Self-Employment and

Talent Utilization (SETU) Program.

- Harnessing Private Sector Expertise for incubator Setup.
- Building Innovation Centres at National Institutes.
- Setting up of 7 New Research Parks.
- Promoting Startups in the Biotechnology Sector.
- Launching of Innovation Focused Programs for Students.

#### **4.2 Reviews of Various Personalities on Startup Action Plan :-**

- “The much anticipated promotion of Startup India with Prime Minister of India has brought plenty of optimism amongst the entrepreneurs in India. We are ecstatic with the reality that India has the third largest figure of startups internationally. IESA (Indian Electronics and Semiconductor Association) applaud the administration on being a catalyst to construct the startup nation. Through the Government’s support, a commencement preserve to be build in a day which will absolutely encourage a lot of youthful entrepreneurs to turn information into achievement there inside creating the jobs in India.
- Sean Blagsvedt, Co-Founder & CEO, and Babajob.com, alleged: “We are extremely animated concerning the Startup India Action Plan statement, which has dozens of guiding principle innovations to encourage more inspired startups. At Babajob, we can’t stay to assist

bonding India's aspiring millions with jobs at the subsequently generation of startups; I merely desire the plan was in position when we underway."

- "The recreation of the monetary and manual labour norms is a huge stride on the way to manufacture equipments simpler for youthful startups so they can spotlight on novelty without getting knotted in a number of of these norms that are extra pertinent to well-built entities. I am enormously energized in relation to the Atal Innovation Mission, this will assist in fostering improvement at a grass origin point surrounded by students in schools and colleges, which determines in turn to encouraging more teenagers to go into the field of entrepreneurship and innovate and produce a few ground breaking products that will be used among people around the globe. India is already a most important startup centre and I am persuaded that with the accurate sustain from the government, it can swiftly become the novelty hub of the world," says Shashank ND, Founder & CEO, Practo.
- Umesh Sachdev, CEO & Co-Founder, Uniphore Software Systems: "Over the precedent a small number of years, the startup bionetwork has witnessed exponential development within the nation. With Prime Minister Narendra Modi's direct participation in promoting startups through 'Start-up India Stand up India' proposal, we can be expecting a encouraging collision on the ecology as well as the

financial system. The administration needs to participate in a essential function in a variety of proportions of the startup bionetwork, and the major focus should rotate about the 3P's (Promotion, Policy and Pravasi Indians (NRI)). The government should assist in providing a accent to the startups, by means of promoting them crossways the planet which will aid them in emerging globally. Secondly, creating startup welcoming policies, which will care for their expansion with preventing hurdles like red tapism etc.

- Abhishek Sinha, Co-Founder & CEO, Eko Financial Services Pvt Ltd: "It was certainly elevated time for the government to recognize the achievement and the force of technology IP based startups in the nation. I am extremely pleased to announcements for Startup imminent precise as of the Prime Minister. This ensures that a precise period is set at the summit for the most part part. We have to prop up additional knowledge IP contrived possessions based startups in India. We have seen how it completely impacts the generally monetary classification and job spectacle in the homeland. The original corporate law discourages entrepreneurs to unmoving get access to diminutive prosperity through personal loans. In our effort to restrain incorrect practices we get nearer up with multifaceted set of laws which might make sure that fly-by-night operators are acknowledged earlier than afterwards although they also gravely slow down the development of others who are operational genuinely."

- Nidhi Agarwal, CEO & Founder, KAARYAH.com said, "Startup India has been extremely exciting occasion that has brought to the fore the supremacy of India's startup ecological unit. It has also tinted the capability of Indians to innovate and resolve the sole trouble that we countenance in our country. It is comforting to observe the government's make your intelligence up to authorize and produce the network. The requirement of the hour is to put in movement of the schemes laid downwards with the PM. I am self-assured that today's occasion will provide more audacity to the thousands who have been meeting on the barrier to begin up and create a dissimilarity."
- Manu Agarwal, CEO & Founder, Naaptol Online Shopping Pvt. Ltd: "This programme will assist startups get a grip in India. It will carry the aspiring entrepreneurs and investors on a ordinary platform. We too were a startup not too long ago and with the accurate cash mixture at the exact time, we've full-grown to be the most important home shopping company in India. The 'Make in India's proposal has already garnered an implausible answer from capable adolescent entrepreneurs who have pioneering facts on running a business. The Indian adolescence is geared up for a aquatism of original opportunities & the Indian government's maintain from beginning to end the 'make in India' venture is a enormous support."
- Pramod Saxena, Chairman Oxigen Services tinted the requirement of simple admittance to assets for the expansion of start-ups. He said, "Moreover, banks are not captivating location to hold up near the beginning phase projects hence only areas of attention to VCs PVT fairness are considering augmentation in startup's. If administration ensures a frictionless admittance to near the beginning period of resources to youthful entrepreneurs, we will perceive a lot of more startup's in areas of main concern for country's overall development."
- Sanjay Krishna Goyal, CEO & Founder ACL Mobile said, "The government initiatives must centre on structuring a start up civilization in the nation with promoting all around entrepreneurial growth and consequently creating an eco-system for favourable expansion of the startups. The pressure group must aspire at plummeting rate. This can be completed with crucial startup, easing rules and the dealings around the business registration procedure, and perhaps exempting startups from direct and indirect taxes, at smallest amount in their preliminary years, to decrease cash outflows."

#### **4.3 Impacts of Startups and the importance of their socio economic contributions: -**

- Technology, in together its evolutionary appearance and in its radical form, has distorted our lives severely. In modern era, a number

of the goods and services that have distorted the method we exist, such as Tablets, smart phones, the Internet, social media etc., have been an outcome of radical modernism. Enormous innovations led with futurist leaders have made this achievable. The modifications have been adopted quickly, and generally most of us cannot actually keep in mind what it was similar to earlier than we had these merchandise and services even nonetheless they have seeped into our lives only in recent times. There are a number of goods, or we can speak by-products, of these radical organizations that crash lives in a further non-obvious evolutionary method.

- We all well comprehend that a startup is constantly about an idea of how to bang a consumer. But, this is immediately where it all begins. What we don't for time without end offer acclaim to is how startups include a far-reaching undulation consequence on the socio-economic textile of the demography in which they manoeuvre I got attracted in exploring this moving effect, and all the changes so as a few startups have brought in the cities, in their industries, in the international markets they function in. And the changes have they brought in the socio-economic framework of the societies in which they manoeuvre – the impact that they have twisted beyond their patrons. The questions to consider around strategy and progressive administration to give confidence startups are not discussed sufficient. India should have this on its plan and perhaps Venture capitalists who furnish startups

should determine their triumph also with the superior impact metrics away from returns.

- Separately from delivering assessment to their consumers, startups have a straight contact on the cities they create their homes. Infosys has impacted Bangalore and Alibaba has distorted Hangzhou. What Google has completed to Mountain View and how Microsoft transformed Redmond are case studies in themselves
- As demand for highly talented adolescence greater than before in these cities, they saw a rush forward in inflow of current graduates. As more and more college graduates underway settling downwards in these cities, lifestyle patterns and civilization also adage a wield of modify.
- These startups not only formed original industries and come up with new innovative expertise over point in time, but also created a tributary of millionaires in the town. When these startups went communal, they became engines of formation not just for themselves, but for their workforce and their shareholders.
- Apple formed 300 millionaires right away as it went open. In 2007, 1000 Google employees were significant of more than \$5 million. While the literal integer is not recognized, it can be logically whispered that Microsoft had fashioned in the region of 10,000 Microsoft millionaires with the

year 2000. Narayan Murthy, who co-founded Infosys, ushered in a new-fangled period of prosperity creation amongst its middle-class workforce in India. Infosys was one of the primary companies in India to propose its employees ESOPs (employee stock ownership plans) and made millionaires of them. In 2000, Infosys had exactly 2,000 rupee-millionaires on its personnel and over 200 dollar-millionaires. According to securities filings, present and previous Alibaba workers (non-founders) embrace 26.7 per cent of the concern, xxx Billion in worth.

- Alibaba has single-handedly distorted the operate situation for diminutive and intermediate businesses in China, a nation with numerous interior barriers to do business. The simplicity and assurance with which these SMBs can purchase and vend goods has augmented many folds in the previous decade.
- Microsoft had shaped an innovative computing and manufacturing revolution itself when it going ahead scaling up. For the most part of the technologists and individuals in their 20s and early 30s nowadays, the initial functioning arrangement was Windows. In spite of of the piece of information that many hackers and technologist may drift in the direction of erstwhile technologies afterwards in their existence. Windows as an functioning method proved to be the alphabet by means of which persons fed their absurd inquisitiveness of wisdom of computers and got their first

exposure to technology. It was the tool for beginners that helped shape the minds who are, today, a part of the technology uprising we notice in the Silicon Valley and the planet something like us. Had it been a dissimilar world, it would have been after that not possible to observe persons utilize technology and not be cowed with it.

- It was not only about creating the upcoming generation of technologists & prospect engineers with putting a processor in all houses, but was in addition a creation of new industry – the software industry. Due to its extensive use, a high-quality amount of software built in the region of the world is built observance Windows OS in brainpower, thus production sure greatest figure of people can advantage with it.
- In very starting days of Microsoft, extra accent was remunerated to the hardware, and software was immediately somewhat bundled with it. It started business software licenses as personal entities, which further propagated this custom. This showed a novel beam of expect to developers who might now put up for sale their software independently without coating up to big corporations for maintaining and begging them to fortune it with their devices. This led to construction of a diverse economy where software became the defender of technology liberation representation for newer companies. Microsoft not merely impacted the entire computing trade, but also formed a original

software industry that would go on to imperative the world of technology.

- After gifting the world another industry, which would flourish in the coming years, Bill Gates needed to offer back to society too. He began the Bill and Melinda Gates Foundation in 2000. Today, it is the biggest private establishments on the planet. It had an enrichment of ~38 billion with a year ago. The establishment is to a great degree dynamic and works for enhancing worldwide wellbeing, approach and backing, runs various improvement programs furthermore has a concentrated US Program.
- Shortly before Google went for an IPO in 2004, Larry Page and Sergey Brin, made giving back an organization need and declared in their letter to potential speculators a promise to "improve the world a spot" with devoting 1 percent of Google's benefits, 1 percent of its value and huge worker time toward altruistic points. Despite the fact that Google confronted feedback in its beginning of offering back to the general public on numerous grounds, it gave away \$105 million in gifts amid 2012, or more \$1 billion more in item gifts to non-benefits.
- Google was the Bay Area's top corporate giver in 2010 and 2011, giving more than \$20 million to neighbourhood foundations both years. As per the Chronicle of Philanthropy, it was the twelfth biggest U.S. corporate trade contributor out 2011 and 2012.

Around \$50 million of these assets were coordinated toward debacle help, college exploration and group associations in Silicon Valley, with \$23 million devoted to Google's Global Impact Awards.

- The Infosys Foundation was begun in 1996 with Infosys. The establishment works in organization with NGOs to help underprivileged country groups in India in the territories of social insurance, training, society, watch over the down and out and provincial improvement. Later in 2009, the Infosys Science Foundation, a not-revenue driven trust, was begun with Infosys and a few individuals from its Board.
- The Foundation established the Infosys Prize, a yearly grant, to respect exceptional accomplishments of analysts and researchers crosswise over six classifications: Engineering and Computer Science, Humanities, Life Sciences, Mathematical Sciences, Physical Sciences and Social Sciences, each conveying a prize of INR 55 lakhs. The recompense expects to commend achievement and stand as a marker of perfection in investigative examination. Narayan Murthy was named a Global Humanitarian for his endeavours in changing the world through thoughts, innovation and beneficent attempts. Separated structure the establishment's endeavours, Narayan Murthy and his wife, Sudha Murthy, are known not enormous donor in their own ability, yet generally tight-lipped about their own giving.

- As India's energetic entrepreneurial biological community is rising, it would do well to comprehend the part of new companies and make support for them to succeed. As we see a portion of the Indian startup organizers turning blessed messenger financial specialists to bolster and empower new advancement in India, we will most likely see the progressively outstretching influence of their endeavours over the long haul. Governments ought to be all around arranged to make a society of new companies to affect their urban communities, nations and nationals.
- How would we be able to and our legislatures bolster the startup development? I trust endeavours ought to be made in helping new companies with assessment clarity, brooding, reasonableness and permitting. It could likewise be with giving start up capital, assets to widen mindfulness, motivation and more meeting space for the most up to date pioneers and tomorrow's business pioneers.

#### **4.4 New Startups which failed in previous year :-**

- Dazo – A Restaurant
- Spoonjoy, Langhar, OrderSnack
- Done WithNone – A Women Fashion Outlet
- Jewelkart, Bagskart, Watchkart
- Touchpad
- Townrush
- Lumos

#### **4.5 Reasons of Failure of Most of the Startups :-**

- Not serving a market need
- Running out of cash
- Not the right team
- Ignoring the competition
- Wrong Pricing Strategy
- Out of License Problem
- Run out of resources
- No support from authorities

#### **4.6 How Execution of this Plan would help them to sort out few of the Problems:-**

- Hence support from the government would be helping and will provide full support to new startups.
- Provision of providing cash to the requiring and needing new registered businesses would be a solving outcome for those who fails due to shortage of cash.
- Licensing problem would also be solved as in most of the business no license would be required for a prescribed period of time.
- No problem of tax would be their in initial time as tax from capital gain is exempted for three years.

#### **5. Findings & Conclusions :-**

- Implementations of startup plan would be very helpful in success of new talent and new ideas.
- This will also contribute towards the development of economy of the nation and will also improve in many problems.
- The implementation of plan would also be helpful in sorting out the problem of unemployment also.
- The study also concluded and sorted out the contribution of the plan towards its contribution to efficient use of technology.

- Mainly reviews of many distinguished personalities are also towards the positiveness of the plan.
- At last main improvisation and overall factor is that it would improve the condition of economy of the nation and will also improve overall problems regarding the economic condition of the nation.

• **Bibliography :-**

- Desk, E. W. (2016, January 16). *Indian Express*. Retrieved April 12, 2016, from indianexpress.com: <http://indianexpress.com/article/india/india-news-india/pm-modi-to-unveil-startup-india-movement/>
- Desk, T. (2016, January 18). *Indian Express*. Retrieved April 20, 2016, from indianexpress.com: <http://indianexpress.com/article/technology/tech-news-technology/start-up-india-what-india-inc-has-to-say-about-modis-pet-scheme/>
- Kola, V. (2014, November 17). *Your Story*. Retrieved April 24, 2016, from yourstory.com: <http://yourstory.com/2014/11/impact-of-startups/>
- Modi, N. (2016, January 16). *Narendra Modi*. Retrieved March 15, 2016, from www.narendramodi.in: <http://www.narendramodi.in/india-s-future-is-in-innovation-creativity-pm-modi-at-the-launch-of-start-up-india-initiative-399648>
- Mohan, M. (2013, July 28). *Best Engaging Communitess* . Retrieved April 25, 2016, from bestengagingcommunities.com: <https://bestengagingcommunities.com/2013/07/28/the-reason-why-startups-fail-in-india-is-different-from-why-they-fail-in-silicon-valley/>
- Prabhudesai, A. (2016, January 18). *Trak*. Retrieved January 20, 2016, from trak.in: <http://trak.in/tags/business/2016/01/18/startup-india-action-plan-20-key-highlights/>
- Service, E. N. (2016, January 17). *Indian Express*. Retrieved April 24, 2016, from indianexpress.com: <http://indianexpress.com/article/india/india-news-india/pm-modi-unveils-ambitious-action-plan-to-boost-startup-businesses/>
- Srishti. (2015, November). *Computer Science and Engineering Indian Institue of Technology Delhi*. Retrieved April 25, 2016, from www.cse.iitd.ac.in: <http://www.cse.iitd.ac.in/~srsarangi/startups.html>
- Velayanikal, M. (2015, December 14). *Tech in Asia*. Retrieved March 10, 2016, from www.techinasia.com: <https://www.techinasia.com/insights-from-11-failed-startups-in-india-2015>

