



## Startup India Standup India : Success or Failure?

### Description

#### What is 'Startup India & Standup India' :-

- Startup India is a campaign announced by Prime Minister Narendra Modi on 16<sup>th</sup> of October, 2016. The motive behind this campaign is to encourage entrepreneurship in our country and encourage startups with job creations.
- The Standup India initiative also aim to promote entrepreneurship among SCs/STs and women communities.

#### Success :-

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- This scheme has encouraged entrepreneurs to come up with their startup plans. India ranks 3<sup>rd</sup> globally in the startup industry with 4200 registered startups.
  - The government has set up new incubators across the country on the public-private partnership mode. As per the NITI Aayog site, 17 established incubation centres have been shortlisted for scale-up support.
  - The Startup India hub has been operational from April 1<sup>st</sup> 2016 for any queries about recognition as a 'startup', incubators, funding or avail tax benefits. The hub has handled about 25,000 queries from startups through telephone, email and Twitter.
  - The 'Fund of Funds' of 10,000 crore rupees for startups by SIDBI (Small Industries Development Bank of India) has been a major attraction for ventures. The fund will invest in SEBI-registered VC funds which, in turn, will invest in startups.
  - Nasscom has pushed to remove funding and taxation constraints related to of startups through lowering of long-term capital gains tax rates for domestic investors to 10%, on a par with non-residents.
  - The government has made exit easier for startup who are about to quit their businesses. The Insolvency and Bankruptcy Code, 2016 says that startup can close up within 90 days of filling in the application.
  - The GST Bill has greatly improved the growth rate of startups in the country. The startups now are scaling up as there are no irregular issues to deal with.

#### Failure :-

- The Startup India scheme had received around 1368 applications by mid-December last year. The Department of Industry Policy and Promotion (DIPP) has only accepted 502 application forms and recognized them as 'startups'. The delay and lack of efficiency is a cause for the startup plan to fail in some cases.
- The concerns of domestic angel and VCs on capital gains tax remain largely unaddressed.
- As of July 2016, SIDBI had chosen 8 venture funds to invest in startups as defined under the Startup India Action Plan. They announced to support startups with 428 crore rupees. However, no money has reached any of them and it appears that many of them are struggling to raise money from the market in a constrained funding environment.
- The total amount of funding secured by Indian startups has also dropped by 47.7%.
- The VC firms and angel investors are more cautious while investing on Indian startups. It is because the conditions, the ease of capital flow and doing business are not stable enough.

#### Conclusion :-

- The campaign is a good start for the startup industry in India. But the implementation of the schemes has not been proper. The developments being made with time will bring the industry to its goal.
- The decreased corporate taxes and the increased possibilities will surely help young entrepreneurs make successful businesses with great ease.

**Afterwords :-** Feel free to comment your thoughts and opinions in the comments section below.

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