

Revealing India's Plans to Support the Expansion of its Small Business Sector

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Abstract: *This article will look at India's thriving startup environment for small-scale businesses, which has benefited from standup and startup initiatives from the Indian government. One of the many initiatives the Indian government has lately launched is the Stand Up India Scheme, which is aimed at women and members of the SC/ST groups. Its objective is to assist the least fortunate in acquiring entrepreneurial skills. The Department of Financial Services, which operates primarily under the Ministry of Finance's overall administration, provides assistance for the centerpiece of this government initiative, which was presented in April 2016. Typically, it is designed to provide qualifying business owners who may get assistance from banks and NBFCs access to Stand Up India Loans.*

Keywords: Small Scale Industries, Development Policies, Industrial Growth

I. INTRODUCTION

As part of the Startup India programme, startups were described and redefined. As an example, the typical company age increased from 5 to 7 (or 10, in the case of biotech). In order to assist the developing startup culture in the country, the government has put in place a variety of initiatives, such as self-certification, faster startup patent application processing, and income tax exemptions. It has created the Startup India Hub to promote communication among the many participants in the startup ecosystem. Additionally, the program's popularity helped open up several business opportunities as if that weren't enough. Consider the world of money. Between 2016 and 2017, over 2,550 deals of over \$30.3 Bn were made in Indian firms, according to Inc42 DataLabs. In addition, VC investments saw a little uptick in 2017 despite a fall in funding overall, suggesting investors remain upbeat about the short term. Startup India's Effect on Individual States Several countries have recently taken it upon themselves to build their own incubators, coworking spaces, etc. to promote innovation inside their borders.

The defense minister, Nirmala Sitharaman, has previously asked that local MPs open coworking spaces in their districts. While Rajasthan recently constructed Bhamashah Techno Hub, one of the biggest incubators in the country, Kerala just opened one of the largest coworking spaces in the country. Karnataka created a credit line of INR 2,000 Cr (\$281 Mn) for the startup ecosystem in the state with a target of having at least 20,000 enterprises by 2017. Telangana, Andhra Pradesh, Odisha, Madhya Pradesh, and Gujarat are other states that fully encourage startups. Additionally, these nations have made some very great attempts to improve their own ecosystems. The Dramatic Change Framework for the DIPP State Startup Ranking The core of the Startup India project is state startup policies, which the states have started to take seriously under the supervision and guidance of the Department of Industrial Policy and Promotion (DIPP) and the Centre. Before Startup India was founded, four states had startup policies; as of right now, 24 Indian states have their own startup policies in place. According to the DIPP's State Startup Rankings, which were based on the Startup Policy Framework for 2017, Gujarat was rated as the "Best-performing state" in the country. The "Top-performing states," in order, are Gujarat, Karnataka, Rajasthan, Odisha, and Kerala. One of the remarkable aspects of these rankings was the DIPP's endeavor to highlight each state's advantages and weaknesses in a separate state report, in which they emphasized the actions the state needs to take to perform better.

Slow Changes in Policy are Being Made According to Inc42's annual year-end series, "2017 in Review," the nation's rate of policy development has underperformed. A few of these laws, like the Drone Regulations 1.0, are already in effect, but many more have either been established or are in the process of being established. Included on the list are:

The Startup India program has really been significantly challenged as a result of the angel tax issue and a decrease in angel investments over the last two years. A notification from the DIPP has now made the Angel Tax Exemption Process simpler. The attractiveness of the notice, however, is not great. The major problem—the DCF (discounted cash flow) valuation method—is not resolved nor are the worries of all the firms experiencing issues with the angel tax addressed. Furthermore, this present type of angel tax exemption only applies to businesses that have been granted DIPP accreditation and whose total paid-up share capital and share premium after the anticipated share issuance do not exceed INR 10 Cr (\$1.4 Mn). Additionally, the approval procedure will apply to businesses that were established before April 2016. Initially, the startup exemption could only last three years. Startups that had assessment orders against them before to 2012 were previously prohibited from using the exemption method.

Objective:

The author of this essay investigates how Prime Minister Narendra Modi's startup and standup efforts are empowering India's youth by examining how these programs are being carried out by the Indian government.

Does the Indian Startup Ecosystem Have High Goals? Overall, Startup India has significantly increased the country's inventiveness and entrepreneurial spirit. According to Inc42's 2017 State Of The Tech Startup Ecosystem Report, India already has 26 unicorns and more than 31 soonicorns. In all, startups have created \$130 billion in value. As a result of the Make In India push, we are currently seeing the creation of startups in core manufacturing. Important foreign investors like Sequoia Capital, SoftBank, Tencent, and Alibaba are confident about the Indian tech and consumer internet industry. India surpassed Vietnam to take the second spot in the manufacture of mobile gadgets only one year ago. The Indian government's initiatives to create exchange programs with foreign companies in countries like Germany and the SAARC region have also given individuals working in the startup ecosystem additional opportunities. It is certain that the creation of global startup corridors, such as those in Japan, the US, the UK, Israel, and Portugal, will boost cross-border investor sentiment and startup confidence. Even as the Modi government nears the end of its current term, a number of issues, including unfinished legislation, angel taxes, infrastructural impediments, and bureaucratic red tape, still need to be resolved as quickly as possible for startups. In a survey of 15K businesses, just 18% reported to have benefited from the Startup India initiative. Just 163 businesses have benefited from the Fund of money as of December 31, 2017, and the distribution and allocation of money are becoming worse. The efficacy and cost-effectiveness of the proposal are therefore called into question. The government has to resolve each of these problems before we can even think of creating an ecosystem like that of Israel or Silicon Valley. Gender balance is still an issue in the startup world, and the #MeToo revelations shocked the Indian startup community. The Indian startup ecosystem still continues to expand substantially and carve out a rising place for itself in the wider ecosystem in spite of both positive and negative aspects.

What is Start-up India, Stand up India ?

A start-up ecosystem is composed of entrepreneurs, different financial supports, including grants, equity investments, debt financing, and incubation, as well as non-financial supports, including mentoring, acceleration support, and technical experts. It also includes government policies and initiatives that are relevant to start-ups, in addition to academics, other organizations, and companies who work with or support start-ups in different ways. Innovative, driven, and scaling new start-ups are the kinds that are seen to provide a prospect for growth and the creation of employment. The 'Startup India, Stand up India' campaign aims to solve these issues, which have traditionally caused substantial challenges for Indian start-ups in terms of financial flow, developing a capacity for growing, and hiring the right people.

On January 16, 2016, Mr. Arun Jaitley launched this program in front of top 40 CEOs, start-up founders, and investors from Silicon Valley, including Sachin Bansal, the founder of Flipkart, and Masayoshi Son, CEO of Soft Bank. For the Start-up India workshop at Vigyan Bhavan in New Delhi, which has a maximum seating capacity of only 1,350 persons, it was the first time that two lakh permits were sought.

Under the mentioned program, a start-up is defined as a firm with its headquarters in India that was established less than five years ago and has an annual turnover of less than Rs. 25 Crore (US \$ 3.7 million). The "Startup India" campaign is based primarily on an action plan meant to encourage bank funding for start-up businesses to promote

entrepreneurship and support start-ups with the creation of employment, while the "Stand up India" program is meant to encourage start-ups among SC/STs and women groups.

There was no setting before deregulation that would have allowed a startup ecosystem to thrive. Even after the National Science and Technology Entrepreneurship Development Board (NSTEDB) was created in 1982, there was no such ecosystem, not even in the distance. The startup environment didn't start to take form until the years 1995–1996. India started accumulating a lot of information and skill in the IT industry as more and more young boys and girls started to move to the US and Europe as IT specialists, making it possible. In this approach, the detrimental consequences of "brain drain" might sometimes be advantageous.

II. CONCLUSION

The action plan Mr. Modi unveiled is a game-changer, but in order to make it a radical catalyst for the growth of start-ups, it is essential that the "inter-ministerial board" be delegated the responsibility of determining whether start-ups are feasible and exist. It is suggested that a board of "professional experts" rather than a "inter-ministerial board" be created to evaluate the viability of start-ups. The behavior of this board of "professional experts" as it decides on the "existence and viability" as well as "eligibility for tax benefits" of new start-ups should be governed by a thorough set of rules. This will guarantee that the board evaluates the applications submitted impartially. In the case of any problems brought on by biased judgments, one should have the option of turning to the Indian Judiciary.

Along with this group of "professional experts," we also seek effective structural adjustments that promote fair and unhindered competition. For instance, the legislative requirement known as "Net neutrality" will influence the future of internet startups and other businesses who wish to market themselves online. If the aforementioned structural and legislative reforms are made, the author has great expectations that the Government of India's campaign would prove to be a Big Bang for the Indian start-up ecosystem.

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