



A

Dissertation on

**START UP INDIA A BOOST FOR YOUNG
ENTREPRENEUR**

Submitted in partial fulfillment of the requirements for the degree
of Bachelor of Arts

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A handwritten signature in black ink, appearing to read "Manan".

Manan Nahata
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CERTIFICATE OF FACULTY GUIDE

This is to certify that Mr. Manan Nahata of BA has completed his Dissertation under my supervision in partial fulfilment for Course work for the semester VI of BA from RNB Global University, Bikaner.



SIGNATURE OF FACULTY GUIDE

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SIGNATURE OF STUDENT



Contents

Acknowledgement	3
Certificate	4
Abstract	6
Introduction	7
Defining Entrepreneurs	9
Entrepreneur and Entrepreneurship	10
Startups and Entrepreneurs	11
What is Startup?	13
Startup India policy	15
Defination of startup notified by govt. of India	16
Present scenario of start-ups in India	20
Stages of startup lifecycle	22
Startup Ecosystem	23
Sources of Funds	28
Finance sources	31
Startup that are changing the face of virtual reality of india	32
Analysis	39
Conclusion	40
References	41

Abstract

India is the second largest populated country in the world with 1.35 billion population strength. To cover up this large population there exist large potentiality of job market in India. But According to the latest Asia Pacific Human Development Report, India is facing severe scarcity of job market; growth in unemployment among young graduates and it will last for next 35 years. According to Labor Ministry data, around 1 million people enter the workforce in India every month. To eradicate this scarcity of job market, ours Honorable Prime Minister Dr. Narendra Modi, announced on 15th August 2015, “Start Up India, Stand Up India” to promote Bank Financing for start ups and offer incentives to boast entrepreneurship and job creation.

Startup India is about challenging conventions and spurs a revolution of unique and emphatic business models. It is the precursor to India taking Centre stage in the new world order. The study concluded that making capital more accessible and cheaper, easier patent filing, giving research and development credits, and easier entry and exits are critical to the success of Startup India.

INTRODUCTION

Startup is the most widespread term in present era. It has great impact on economy of the country. People who have innovative idea are starting their startups with minimum resources. Skills are the only way to create our economy healthy while starting a new business setup Entrepreneurs seeks helps. These helps can be further divided into three categories Technical help, Financial help and Managerial help. Institutions like MPFC, SIDBI, MSME are there to help a startups, some of the private supports are known as Angle Investors, Venture Capitalists. In India on 26th January 2015 Hon'ble Prime Minister Shri Narendra Modi has enthusiastically announced "Standup India-Startup India" under this scheme Government of India wishes to arouse Entrepreneurs to become Startup and help existing startups. The implementation part of this scheme is taken care by Department of Industrial Planning and Promotion (DIPP). According to DIPP, the definition of Startup would be Innovative and carry technology alongwith website, mobile application etc. The objective of this scheme is to implement the action plan based on three important pillars to enable funding support, make the process easy and develop Academic- Industry Partnership like Incubation. Startup India Hub supports the Startup in terms of Managerial and Financial whereas Incubation centres provides Technological as well as Managerial supports. A corpus fund of Rs. 10,000 crore have been created for financial support. Tax exemption on capital gains , waived till 3 years of setup.The eligibility criteria for startup would be five years of incorporation, financial turnover should not exceeds Rs.25 crore and It should be driven by Technology or Intellectual property toward Innovation for commercialization of new products, services.

Defining Entrepreneur

The term entrepreneur or entrepreneurship[¶] is defined in a variety of ways. Yet no consensus has been arrived on the precise skills and abilities that make a person a successful entrepreneur. The concept varies from country to country as well as from period to period and the level of economic development thoughts and perceptions. A review of research done in different disciplines over the years would improve our understanding of the concept of entrepreneur.

The word entrepreneur is derived from the French verb entreprendre which means to undertake. In the early 16th century, the Frenchmen who organized and led military expeditions were referred to as entrepreneurs. Around 1700 A.D., the term was used for architects and contractors of public works. The term entrepreneur was applied to business initially by French economist, **Cantillon** in the 18th century to designate a dealer who purchases the means of production for combining them into marketable products.

The New **Encyclopedia Britannica** considers an entrepreneur as an individual who bears the risk of operating a business in the face of uncertainty about the future conditions. According to **Francis A. Walter**, the true entrepreneur is one who is endowed with more than average capacities in the task of organizing and coordinating the various other factors of production.

An entrepreneur is a person who only provides capital without taking active part in the leading role in enterprise, described **Adam Smith** Entrepreneur was regarded as a social parasite by **Marx**. **Bernard Belidor** applied entrepreneurship to the function of

buying labour and material at uncertain prices and selling the resultant product at contracted price.

Joseph A Schumpeter recognized a person who introduces innovation changes as an entrepreneur. He treated entrepreneur as an integral part of economic growth. An entrepreneur is described as a change agent by **Frank Young**.

Noah Webster thinks entrepreneur is one who assumes the responsibility of the risk and management of business.

An entrepreneur is one who always searches for change, respond to it and exploit it as an opportunity. Innovation is the specific tool of entrepreneur, the means by which they exploit change as an opportunity for a different business or service. -**Peter F Drucker**.

Arthur Dewing conceptualized the function of entrepreneur as one that promotes ideas into business.

Entrepreneur is described by **Clarence H. Dentrof** as a person who makes decisions under alternative courses of action.

Robert D. Hisrich says —The person who is going to establish a successful new venture must also be a visionary leader - a person who dreams great dreams.

Brad Feld – Founder of TechStars, Investor, Author – Startup Communities “An entrepreneur is someone who creates a new company from scratch.”

Caleb Wojcik - Blogger with ThinkTraffic.net and Pocketchanged.com An entrepreneur is a starter, not just a dreamer.

Entrepreneur and Entrepreneurship

Entrepreneur in India

India can be an entrepreneurial nation because of these reasons freedom of speech , high caliber human capital, functioning of capital market and easy availability of venture capitalist, the rebellious young generation, easy entry of global competitors in India, lack of legacy, technologies, unique market structure with consumers needs and their purchasing powers, excellent Institutions their Infrastructures and dedication towards Entrepreneurship, science and technical education.The main focus of this study was on Entrepreneurship and its growth in Independent India.

Problem faced by women entrepreneurs, entrepreneurship advances and with small business. Government must reduce administrative burden through which more doors can welcome entrepreneurship.

Before 1991 Bureaucratic control and hurdles for new establishing firms has been removed through economic reform in 1991. Government of India has support in this direction with largely focused on banking & finance industry to manufacturing sector. In 2006, Government of India established the ministry of Micro,Small and Medium Enterprises whose aim is to provide financial infrastructural resources, training and tax benefits related supports. Cultural shifts, disparity ,foreign influence,lack of success stories, social entrepreneurship and funding.Despite many challenges, the entrepreneurial opportunities in India are substantial.

Startups and Entrepreneurs

Startup are new venture this startup generally create employment and after growth opportunity by introducing innovation as well as replicable models. Startups have the potential to achieve scale growth with exclusive cashflow with the right kind of person.

In the last five years, India approved the tremendous growth of technology based startups success stories. India has vast Industry market of micro and small enterprises across different sectors, small technology companies achieve great success to solve customers problem by providing innovation idea. During last financial year (2015-16) "98473 companies were incorporated in India" According to a recent study by Nasscom," India has around 4400 startups that employ around 85000 employees with a total funding around \$6.5 Billion till 2015".

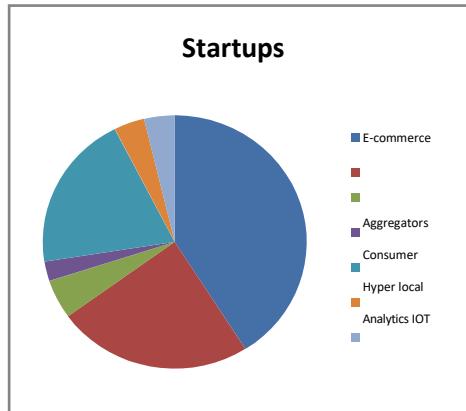
Technology and traditional startup ecosystem has shown their quick growth in Indian market.

a. Linking Skills to Entrepreneurship & a Startup Economy Finding adequately skilled labour is an often mentioned challenge for startups today.

The lack of appropriate skills is a result of mismatched education at three levels:

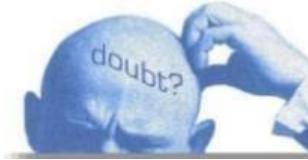
- At school where education methods focuses on rote learning, rather than creative thinking and analytical ability
- In vocational training, where curricula and technology used is often out of date and not adapted to modern industry or startups.
- At universities, which produces many graduates not fit for employment. This results in a young workforce unequipped with

the right skills to join modern industry, and a large cost for the private sector on training or retraining new employees.



According to compass, startup eco system India has introduced on world's 3rd rank in Global Startup Ecosystem 2015. These stratus focused on IT enabled products and e-commerce, online payments, analytics and internet service based. However most of the startups have their banker & financiers located in Delhi, Bangalore and Mumbai.





What is Start up?

A startup is a juvenile, energetic company built on know-how and innovation in which the founders try to capitalize on initiating a product or service for which they think there is a demand of it. Currently, due to the personality and complexity involved in the Indian start, the precise definition of 'startup' is not present.

Assuming the various standards related to any business, such as their level of living, the amount and level of the amount received, the amount of income generated, the operating area etc. Some conceptual definitions are available in public areas. This information has been received to find a place for readers.

The Department of Industrial Policy and Promotion (DIPP) is also operating around a clear definition for startups and is usual to make it open in due course. A startup is a young company that is developing and growing, is in the first stage of operation and usually has a small group of individuals or individuals. It can be an entrepreneurial venture or a new business, a partnership designed to look for a repetitive and scalable business model or temporary business organization. This unknown business model searches for disrupting existing markets or making new ones. It is a dynamic company based on early life, technology and innovation, in which the founders have tried to keep an eye on developing a product or service for which they have a demand or demand.

A startup company is defined as an establishment. If-

- For three years or less.
- At a funding stage of Series B or less.
- An entrepreneurial enterprise / partnership or a temporary organization.
- In the development, production or distribution of new products, processes or services; New and existing for more than five years, revenue of about 25 crores has not been made by the division or reconstruction , establishment through division or reconstruction.

Startups are fresh businesses. New types of new opportunities that provide growth and employment opportunities are generally considered new, dynamic, and scalable. These are big challenges for startup, cash flow and finding the right people and increasing their abilities. However, using current survey they focus on early learning techniques. Therefore, focus is on introducing India in the beginning, focusing on new companies, small companies which primarily use technology to solve customer problems. Startups usually require other support apart from finance, which include special technical services such as capacity building, management advice, better business plans and networking and accounting or legal advice. Non-financial or other support is a way to reduce the risk of financial aid. According to the NASCOM report on digital startup, India now has about 110 incubators and accelerators in India. Incubators work with entrepreneurs to create a business around a concept, create a prototype and develop skills such as understanding and understanding the market. Incubator programs can run for more than a year.

Startup India Policy

Development of New Startups government has intiated with 30 Startups in India, Standup India The Prime Minister announced the initiation of “Start-up India” and “Stand-up India” during the speech of Independence Day on August 15, 2015. The government will encourage bank financing for start-ups and offer monetary motivation to increase entrepreneurship and employment creation. This proposal is expected to offer improved support for entrepreneurship and assist in setting up of a system of start-ups in the country.

Further, the Ministry of Finance announced the need to introduce new schemes for newly created and entrepreneurial sectors; To include the accessible parts of the country; Encourage new activities in terms of new products and processes. The Budget Speech 2014- 15 promised to generate a technology hub system ,A programme to assist forward and Backward linkages within several value sequence and Setting up incubation and acceleration centers at district level.

The "Startup India" action plan was launched by the Hounorable Prime Minister starting of 2016 . Different ministries have properly incorporated the startup mission and have enabled ease of doing business to in support of the articulated visualization of making it easier for the entrepreneurs to perform business effortless.

Definition of startup notified by Government of India

Currently there is no definitive definition of "Startup" in Indian context and "Startup". Consider the various elements, such as the amount of funds available to any business related to their life cycle, the amount of funds and levels, the amount of revenue, operating room, etc., as some conceptual definitions in the public domain. They are found below and explained to provide an indicator to understand the readers' space. Department of Industrial Policy and Promotion (DIPP) working on a clear definition of Startup as it is required by the public.

A startup is a juvenile, energetic company built on know-how and innovation in which the founders try to capitalize on initiating a product or service for which they think there is a demand of it.

Honourable Prime Minister Mr. Narendra Modi has reconstructed the definition of finance by the word “Startup” to defeat the problem of unorganized financial market.

A Start-up is a unit (Private Limited Company or Registered Partnership Firm or Limited Liability Partnership) shall be considered a “Startup” – It should follow in these guidelines.

- Upto 5 years from the date of its incorporation/ registration, and
- Its turnover for any of the fiscal years has not exceeded INR 25 crore, and
- Is working on renewal, expansion, distribution or commercialization of new products, processes or services operated by technology or intellectual property.
- The unit should not be formed by the construction or reorganization of existing trade.

- A proprietorship or a public limited company is not entitled as startup. A one person company, being a private limited company is allowed to be recognized as a 'startup'.

Department of Industrial Policy and Promotion (DIPP) has created frequently asked questions on the Start-up India Programme with aim to address common queries, ranging from definition of Startup, to the procedure for listing, papers required, process etc to gain tax and IPR benefits, establishment of Inter-Ministerial Board etc. Online Portal and Mobile Application for Registration are two Dedicated online portal for the Startups was launched by Government in April. The portal includes information on various benefits under the Startup India program. New and existing institutions will now be able to apply for start-up registration by filing an online application. Once registered, the program will be able to apply for various benefits and plans declared under the program.

NASSCOM supports the registration of startup :

- NASSCOM Warehouses helps in collaboration with State Governments will be a acknowledged agency to give a letter of support for innovative startups, as mandatory for listing under the startup India.
- Tax benefits: In the current finance policy, the Finance Ministry has given the following tax benefits according to the Startup India Action Plan.
 - Long term capital gains: If you invest more than 24 months in unlisted companies, there will be no tax on long-term capital gains. The time taken in the last 36 months has been reduced.
 - Income tax exemption for three consecutive years, including "limited liability partnership" engaged in a legitimate

business. A startup can apply for a tax rebate on or after the registration. Approval is required from the Inter Common Board to be eligible for profit.

- Enabling IPR Protection

- IP Assistance -
 - i. Intellectual property and related rights have been provided in the Indian Patent Office for understanding and assistance regarding patent, design and trademark protection, various procedures and requirements.
- IP facilitation -
 - a. Scheme for facilitation of IPR filing for Start-ups Scheme for facilitating "Startups Intellectual Property Protection (SIPP)" been launched on a pilot basis for one year¹⁷. In this scheme, Startups concerned in filing a patent, trade mark or design can look for the support for filing from list of patents, trademark & design facilitators, and operating expense for these services will be bear by the Government for eligible startups. For startups to be qualified for this facilitation, a sanction from the Interministerial board is required.
 - b. Expedited test of Patent request- According to the Startup India Action Plan, the Indian Patent Office has notified the Patent Amendment Rules, 2016, in which any IPR applicant has been given a quick examination of IP applications for the first time. This is expected to run into the timelines of estimation on a need basis.

- Relaxation in Public Procurement standard – In the MSME Manufacturing and Services Sector, the MSME Ministry has suggested to create a level playing field for startup, that they have suggested prior experience or pre-business mandatory requirements under the Public Purchase Policy. Technical and quality requirements.
- Initiation of Grand Innovation Challenge - With the purpose to find low cost solutions to the India's key growth challenges and desires, the NITI Aayog has launched the Grand Innovation Challenge. In Phase I, The government is looking for the inputs from the citizens from the challenges of the citizens, which need immediate attention for the development of society. In Phase II, based on the inputs received, The government will list the issues and give priority to them and will look for new solutions from the public on the following questions. The Government will accept and provide development of the proposed measures.
- Self-Certification for compliance with Labor Laws – With the aim of making it easier to run their business smoothly, the Ministry of Labor and Employment has issued a notification in which the burden of avoiding the necessary regulatory approval for youth can be avoided, which must be obeyed by various labor laws. According to this notification, startup can now certify itself for compatibility with various labor laws. It suggests that allow any rebate on physical checks required by law to be established for their establishment.
- Release of environmental clearance for white category industries - The Ministry of Environment and Forests has re-classified the industries on the basis of pollution index in four categories of red, orange, green and white. White has been given a new category for non-polluting industries, in which it is not necessary to obtain environmental recognition and consent.

Present Scenario of Startups in India

Startup funding in India Funding based on age of company Family and friends Angel/Seed funds/VC/PE VC/PE/ Banks Public market/PE Early stage Growth stage Average Age of a firm (in years) 1 year family and friends, 3 years angle/seed funds/vc/PE, 5 years VC/PE/Banks, 8 years public market and PE.

Venture capital invests in both stages of company based on the following criteria: Early stage: Includes first or second round of institutional investments into companies:

- Average of less than five years old
- Not a part of big corporate
- Investment amount 22

According to a latest study by Nasscom , India has about 4400 startups that occupy around 85,000 employees. Total financial support till 2015 in startups is estimated to be Rs. 650 crore. This excludes funding in startups incorporated before 2010, such as Flipkart, Practo, Zomato Quickr, and Inmobi, which, if taken in account, will additional increase the investment figure. Both environmental and traditional startups are growing rapidly in the environment or ecosystem. A new startup policies has been developed by the ministries and this policies go beyond economic and non-economic assistance for network with a collaborative platform. It also include the relation of Public, Nonprofit, Private and the Academic Sector. Government understands the need for improving the business environment including fast approvals and other government services. Enabling implementation of new projects Draft or File. Good amount of new initiatives have been announced by the government which

consist efforts to develop the business environment, give direct support for startups , provide skill set for entrepreneurship.

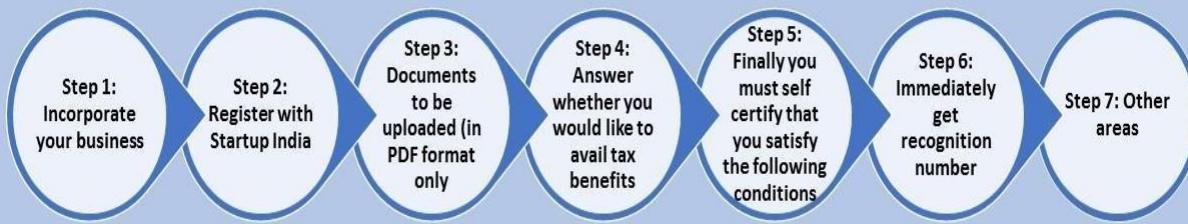
Furthermore, several state governments are adopting or drafting new policies and programmes developing startups and entrepreneurship. For example, Karnataka, Gujarat, Kerala, Rajasthan have announced levy incentives for startups whereas Telangana is preparing new policies, while Karnataka is the first state to present a startup policy. Likewise, Kerala has effectively supported incubation drives for startups counting Kochi's Startup town and Thiruvananthapuram's Technopark. Rajasthan financed incubator Startup Oasis as well as the Rajasthan Venture Capital Fund, and Odisha has announced the Odisha Youth Innovation Fund to give confidence among 27 young entrepreneur and develop entrepreneur. Where the government is adoptting new policies includes Bankruptcy- An provisional Report of the Bankruptcy Law Reform Committee consider it to make exit easier. For example by protecting investors and workers in case of bankruptcy by ensuring salary spending that are due, whereas, not making it compulsory for companies to continue in company only to keep away from unemployment, and revise sections of Companies Act 2013 to make insolvency method quicker.

In Income Tax, several startups include companies overseas to help from their more open-minded duty policies. The money bill(2015) now does not care for such companies as overseas and makes it mandatory for such companies to pay returns like Indian companies (new section 285A) For Listing related relaxation Securities Exchange and Exchange Board of India (SEBI) has tranquil rules for 29 startups to register in Indian stock market, and for investor who can sell their holdings of such start-ups.

Stages of the startup lifecycle

- Discovery- Find potential scale product / service idea for a large target market
- Validation -The product or service openly hits the market, looking for the first customer willing to pay for it.
- Maintenance Increasing profit and facing troubles derived from the worldwide dimension that the company has achieved.
- Sale or Renewal The choice is to sell the startup to a huge or obtain giant resources that the brand will need to grow continuously.
- Efficiency The entrepreneur begins to name his business model and looks for conduct to raise client base.
- Scale Pushing the expansion of the business aggressively while rising its capability to nurture in a sustainable style.

To get the “Startup” recognition under Startup India you just have to follow these 7 steps-



Startup ecosystem

India is the third leading startup ecosystem across the world, with three- four startups originating every day. The Hub will work as a nodal stage and will allow users to tie with ecosystem investors, access free knowledge resources, equipment & templates on HR, legal, book-keeping & regulatory issues and forums for discussion. More than fifty relevant Govt programs has also been aggregated by The Hub. In the next phase, the platform will also aggregate schemes available across various state governments. To provide a better customer friendly experience, a smart intelligence platform have been provided along with Chatbots to automatically assemble, revise information and reply to queries. The promotional event of the Hub was accelerate by a symposium on ‘Navigating the Startup Landscape’ with a representative from each of the key elements of ecosystem like startup, accelerator, shareholder, incubator, and mentor communities. "The discussion was followed by an address by Shri Ramesh Abhishek Secretary, Department of Industrial Policy and Promotion with a presentation on a range of initiatives taken up under the Startup India Initiative."

Smt. Nirmala Sitharaman mentioned about the need of gathering whole ecosystem on one platform that Startup India Virtual Hub is an attempt to develop a marketplace where all the investors can interact, exchange information, and allow each other to raise. It will streamline the lifecycle of existing and potential startups, helping to access them the right resources at the accurate point. She also encouraged all entrepreneurs in India to make use of this gateway and all enabling investors and supporters to contribute to the policy as much as possible. The Minister also mentioned a new drive, wherein a Startup exchange program amongst the SAARC nations would be structured. In the final comments, Joint Secretary Shri Rajiv Aggarwal requested

every participants cum stakeholders of the ecosystem to register themselves on the Hub.

India is currently making a fundamental change in the start-up friendly policy and in the business environment friendly environment. To do this, it is necessary to create opportunities for a large number of youth to create employment opportunities for India as well as for employment opportunities for India. In order to pursue this challenge, the Indian Industry Association (CII) has stressed on building a strong early ecosystem in the country with national and state governments and industry and other stakeholders.

The theme of this year's Startup Conclave was the development of the start-up eco system in India, which inspires the Prime Minister's speech from India's 69th Independence Day and Startup India, which progresses in the campaign of India. In the startup ecosystem, accelerating non-financial assistance, including entrepreneur, various types of financial and non-financial assistance such as loan finance, equity investment and subsidies, and incubation, acceleration, consulting and technical experts. It includes government policies and programs that are initially related to academic and other organizations, and platforms interact with each other in different ways or support startups. Indian startup ecosystem evolution has evolved to more than a startup environment in India.

In 1982 when the National Science and Technology Entrepreneurship Development Board (NSTEDB) came into existence, there was no background of promoting entrepreneurship and no ecosystem to talk about.

After the liberalization of the economy, in 1995 and 1996, and as an IT professional, India has got many experience and expertise with the maximum young people going to America and Europe.

Types Of Startup

Small Business Startups

It is a actuality that the huge majority of startups are at present the alike previous small businesses. Storefronts, plumber, electricians, tour agents, carpenters, consultants etc are a few of the types of startups that lies in this kind. It is a truth that these kind of startups suffers to dominate the attention of the famous media but the reality is that the owners work as hard as any other startups. The best thing about these startups is that they mainly employ local talents and thus add to the local financial system. The intention of these startups are to make sufficient money to nourish their families. Small business entrepreneurs hardly ever build it to the media cover but they do participate a important responsibility in the financial growth of the nation.

Lifestyle Startups

We are now seeing a rising quantity of startup who are brighten the line between zeal and occupation. For example, people, who are obsessive about sketching, are initiation cartoon begin companies as it gives them the ideal chance to do what they do top. People who have few plane of know-how in sky jumping are now contributing sky jumping tution or guidance as well; this is a further type of lifestyle startup. Lifestyle Startup is all about pursuing ones zeal and discover a way to make cash throughout.

Buyable Startups

Mobile-based or cost-based web-based application developed and went down greatly and it is known that a new breed called Purchase has given startup company to start the growth of the new breed. The choice of these startup companies is not finding anything but they are trying to raise your starting funding to the conventional activities capitalist crowdfunding Connection Search. However, in return for profit, this type of startup is usually sold to some third parties. This type of startup is getting traction and it is likely to become more popular in the next few years.

Social Startups

Like other types of startup, social initiatives are not motivated by profit, but they run because of a powerful reason. Since social entrepreneurs are struggling for some reason, this does not mean that they have given adverse reactions to success or profitability. Like traditional startup companies, most social startups are making the world a better place, however, there are some social initiatives that are in the form of wealth building.

Scalable Startups

Despite a very minor startups, scalable startups are very different from the start of small business. Compared to small business startup, scalable startup targets are high, they believe that Facebook, Twitter, Skype and their likes scalable startup revolve around a simple but powerful concept and they always seek financial investors.

Biggest Question facing Start-ups



FUNDING



Fundraising questions

- How much funding should I raise?
- When should I raise money? At what stage should I not?
- What heads and stage should I raise money for?
- What are the relevant sources of finance for me and how should I prioritize? What are the pros and cons of each type?
- How much equity should I give? At what terms?
- How should I value my company?
- How should I give equity when I am unable to value my company?
- How many investors would I have to reach to find one?
- How long will this process take ?

Sources of Funds

Bootstrapping -

A method of transforming human capital into financial. occasionally it is fine to try to find out start-up companies by yourself, without any third party funding, which is called bootstrapping "to pull oneself up by one's bootstraps". Bootstrapping implies that the entrepreneur has definite earnings in the starting, which is only probable if the start-up doesn't need a big investment and if no financial investment given by third parties. The benefit of this approach is that entrepreneurs have complete control of their startup. While on conventional methods of financing the start-ups was like if the start-up project founders don't have their own monetary sources and couldn't separately raise the start-up without outside money they generally rotate to the usual financing sources such as loans from bank, 3F's (i.e. Friends, Family and Fools), beginning investments known as seed capital, angel investors and venture capitalist.

Bank loans

Loans from bank is most traditional way to get finance but due to complex procedures and their criteria of lending loan which is dependent on their credit history and property of the person. Usually startups are founded by young people who are mostly first generation entrepreneur, in many cases they don't own any property thus it hard to get finance. A study on correlation between bank loan and startup's sustainability was conducted in 2003 by Astebroa and Bernhardt's and result found negatively correlated this is because of increasing many of the startup companies that get the other type of investments . A comparative research was conducted on High tech startups and

other kind of startups which is getting bank loan easier and harder over 9,715 companies were examine in the period 2007-2009 it possits that high-tech start-ups are not likely to apply bank loan and it is very hard for them in comparison of other industries.

3F - Friends, Family and Family Relatives

Before moving towards external official funding sources entrepreneurs should make an effort to collect the initial capital from those who are nearest and well-known to them such as friends and family. This is the "primary line" of investors and it is usually called "Fools" because they have invested into the startup without considering the fact that a large number of startups fails in their early stage which is off three year period. However, before turning to big and more powerful investors, it is essential that the startup receive initial money. This shows that the entrepreneur have faith in his idea and so do the family, friends and relatives. Possible risks of such a financing are disagreements that may happen in the relations if the idea fails.

Seed finance

Seed funds are also known as primary investments that help startup in escalating their business. Early funds helps startup companies in their growth and development of their products since startups is busy in rapid change in technology. A very famous way to receive seed fund by reaching those investors who wants to invest in pontential startup ideas of a successful business. In the early stage fundaraising is done by entrepreneurs before commencing any business from friends and family. All the expenses while doing product development , proof of concept or market research or to bear administrative expenses to starting the startup are provided in seed finance. The startup's

objective in this phase is to test the market, start the feasibility of the business idea, and calculate interest and attract the investors.

Angel Investors

Business angels are investors who help out the entrepreneurs to apprehend their ideas. In addition, angels helps in sharing their expertise, experience and finance not only with startups but also with established enterprises that already have a set-up but are momentarily in monetary crisis. The utmost worth of angels is the so-called "smart funding" that includes offering skills, knowledge and market contacts, whereas most general reasons for giving funds are gaining profit, cheering entrepreneurship, trade activity and creating new worth. The Angel Investors will be registered with Stock Exchange Board of India or listed Bank or supposed reknown Institution like Indian Institute of Teachnology or Indian Institute of Management or Department of Science & Technlogy or Government of Madhya Pradesh permitted Incubators. Early stage funding is provided by Angel Investors to entrepreneurs or startups.

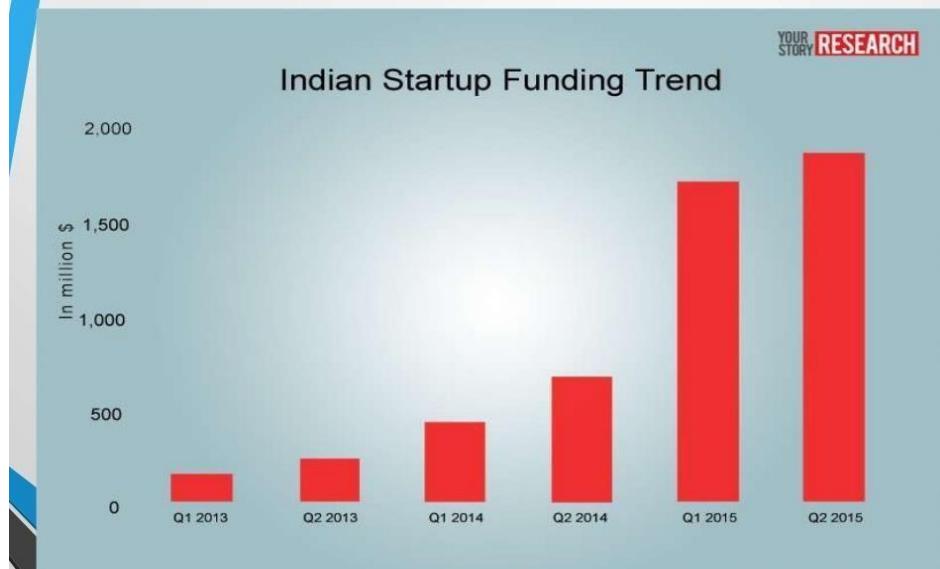
Venture Capitalist

Venture Capital investments or risk capital investments can come from persons, groups, companies or funds that invest in startups to help in their development. Venture Capital investments are not like as bank loans because after financing Venture funds hunt for a equivalent part of the possession in the startup , whereas bank funds for interest for pre define period. Venture Capitalist are not affected by startup's in and out flow cash and it doesn't make any costs, while bank loans are constantly time bound and in the entire repayment duration they trouble the business cash flow. It also known as risk capital fund according to Croatian legislation.

Finance Sources

- By Term
 - 1. Long Term (> 3 years)
 - VC & Angel Funds, Friends & Family Equity, Long term Loans, Media Barters
 - 2. Mid Term (1-3 years)
 - Personal, Short term Loan, Incubators, Angels, Bootstrapping
 - 3. Short Term (<1 year)
 - Credit cards, Factoring, Barters, Customer Advances

Some Figures on Indian Start-up



Startups that are changing the face of

Virtual Reality in India

1) Mukesh Bansal , Myntra

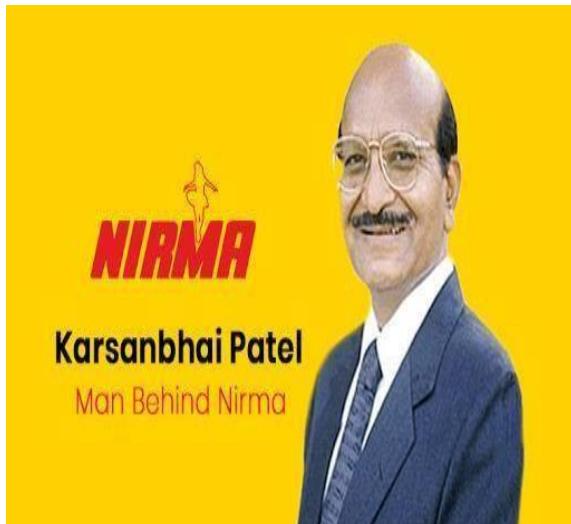
Mukesh Bansal is an Indian businessman who founded Indian fashion e-commerce company **Myntra** and currently serves as the CEO of cure.fit of which he is also the co-founder. Mukesh has been listed in the Best 40 Under 40 Entrepreneurs by Fortune magazine.



Bansal was born in Haridwar, Uttarakhand .He has a BTech in computer science from IIT-Kanpur. After graduating in 1997, he worked with Deloitte as a systems analyst in Chicago for two years. He was inspired by the dotcom boom that was progressing in San Francisco in full swing and moved to the Bay area in 1999. After giving up a job portal venture, which he started with a friend, Bansal worked at eWanted, Centrata, NexTag, newScale which were all early stage companies in Silicon Valley. His role in these startup included that of engineer and product manager across technology and business enterprises.

2) Karsanbhai Patel – Man behind NIRMA

Karsanbhai Patel used to make detergent powder in the backyard of his house in Ahmedabad and then carry out door to door selling . He gave a money back guarantee with every pack that was sold. Karsanbhai Patel managed to offer his detergent powder for Rs. 3 per kg when the cheapest detergent at that time, detergent was Rs.13 per kg.



It was in 1969 that Dr. Karsanbhai Patel started Nirma and went on to create a whole new segment in the Indian domestic detergent market. The company that was started in 1969 with just one man, who used to deliver his product from one house to the other, today employs around 14 thousand people and has a turnover of more than \$500 million. In 2004 Nirma's annual sales were as high as 800000 tonnes.

3) Sachin Bansal, Flipkart

Sachin Bansal started Flipkart in 2007 from a one-room apartment in Bangalore along with his schoolmate Binny Bansal. The store started by selling books online and later expanded to categories such as apparel and electronics.



Now valued at over US\$17 billion, Flipkart is amongst the top 10 e-commerce companies in the world. Earlier an employee at Amazon India, Sachin is now amongst the wealthiest internet millionaires in India.

- Key Investors: Tiger Global, Accel Partners, Naspers, DST Global, Iconiq Capital, Greonoaks Capital, Steadview Capital, GIC, Investment Authority, Morgan Stanley, Sofina, T. Rowe Price Associates, etc.
- Industry: Ecommerce.

4) Kunal Bahl, Snapdeal

- After being denied extension of his work visa in the US, Kunal Bahl, a former employee at Microsoft, returned to India in 2008.
- Along with his schoolmate Rohit Bansal, Kunal experimented with various businesses over the course of four years before setting up Snapdeal as a discount coupons and daily deals site.
- Seeing the success of Flipkart in India, Kunal pivoted Snapdeal to conventional ecommerce in 2012 and business picked up from there.



5) Vijay Shekhar Sharma, Paytm

- Born in a small town near Delhi, Vijay Shekhar Sharma was the first amongst his immediate family to graduate from a tech school and then travel overseas for a job.
- Vijay launched One97 as a telecoms software company in the early 2000s and later pivoted it to Paytm, an online marketplace in 2009.
- Paytm is now widely used for payments and mobile credit top-ups.
- The company last year raised about US\$700 million in capital from Ant Financial, the affiliate e-payments division of Chinese ecommerce powerhouse Alibaba.

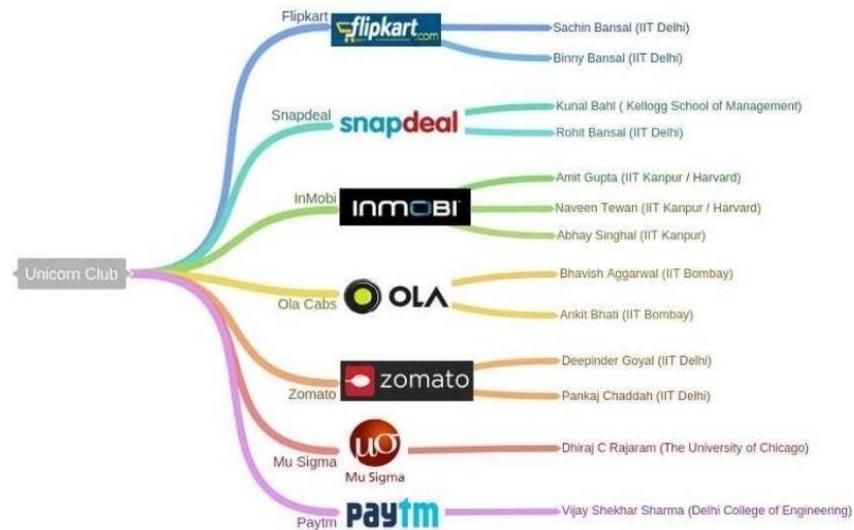


6) Ritesh Aggarwal, OyoRooms

- Ritesh Agarwal, CEO of Oyo Rooms, a budget rooms aggregator portal.
- Ironically, Ritesh was thrown out of rented place in New Delhi when he couldn't pay the rent. He slept the night in the stairway.
- Ritesh had come to Delhi to study in college. But after just three days he realized that formal education is not something he wants to waste his time on. He dropped out and started a bed-and-breakfast chain called Oravel Stays, which later pivoted to become OyoRooms.
- When his parents got to know their son had dropped out, they became angry. "My mother said who will give a daughter to my son for marriage now," says Ritesh.
- At 21 years of age, Ritesh Aggarwal is India's youngest millionaire entrepreneur, having created budget hotel startup OyoRooms.



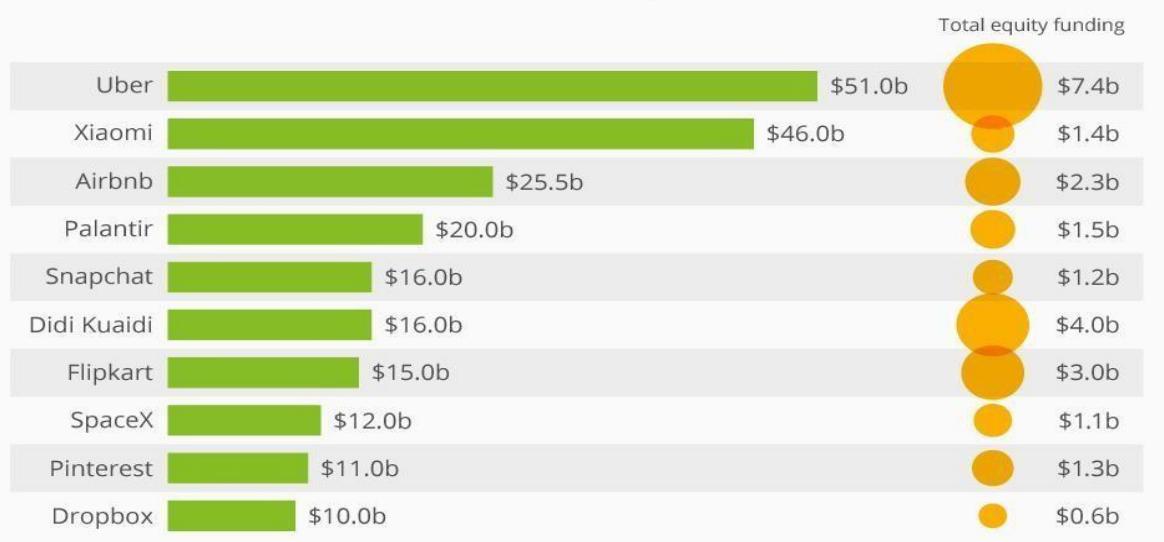
The Indian Unicorns



World's Top10 startups

The World's Most Valuable Startups

Valuation of the 10 most valuable venture-backed private companies*



* as of October 2015

Source: The Wall Street Journal

statista

Analysis

One of the eligibility criteria states that “The product or service should be a new one or a significantly improved version of existing services or products.”

Let’s take the example of start-ups who are engaged in creating and developing online marketplaces like Flipkart and Amazon. So a new start-up engaged in the same field may not be eligible unless its product is significantly improved than what existing players provide.

Another eligibility criteria states that the start-up should get a recommendation letter from the recognized incubator cell or be recognized by the GoI or should be funded by recognized funds. Now this will be quite a task for start-ups.

In my estimation, going by these criteria, roughly 60% of existing start-ups could be rendered ineligible for the Start-up India plan.

Conclusion

Startup India is a flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower Startups to grow through innovation and design. In order to meet the objectives of the initiative, Government of India is announcing this Action Plan that addresses all aspects of the Startup ecosystem.

- This is a most effective campaign which will create more job opportunities to the Indian youths.
- This scheme will directly help people in opening their own successful entrepreneurship.
- It will help our country to show the talent of youths through their innovative businesses all across the world.



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