**STARTUP**

It is a young, newly established business founded by one or more entrepreneurs to develop a unique product or service and bring it to market.

“A startup is a company working to solve a problem where the solution is not obvious, and success is not guaranteed” says Neil Blumenthal, cofounder and co-CEO of Warby Parker.

**LIFE CYCLE OF A STARTUP**

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Stage 1 Stage 2 Stage 3 Stage 4

**Fig:1**

**Stage 1: Seed and Development**

This is the very beginning of the business lifecycle, before the startup is even officially in existence. After got the business idea and to take the plunge. But first must assess just how viable the startup is likely to be.

**Stage 2: Startup**

Once thoroughly canvassed and tested the business idea and are satisfied that it is ready to go, it’s time to make it official and launch the startup.

**Stage 3: Growth and Establishment**

In this stage, business should now be generating a consistent source of income regularly taking on new customers

**Stage 4: Expansion**

At this stage might feel there is almost a routine-like feel to running the business. Staff is in place to handle the areas that one no longer have the time to manage, and the business has now firmly established its presence within the industry

**Stage 5: Maturity and Possible Exit**

It could be said that entrepreneurs here are faced with two choices: push for further expansion or exit the business. If one decides to expand further, will need to ask himself the same questions did at the expansion stage: Can the business sustain further growth? Are there enough opportunities out there for expansion? Is business financially stable enough to cover an unsuccessful attempt at expansion?

**GOVERNMENT INITIATIVES**

Startup Ecosystem facilitated through various government departments & programs:

* **4100+** Startups have benefitted in the last year through various programs of the Central Govt.
* **960 crore** of funding has been enabled to Startups through various schemes
* **828 Cr**sanctioned funds for infrastructure

With the objective to build a strong eco-system for nurturing innovation and Startups in the country the Government launched a Startup India Action Plan that offers the following support to recognized supports through:

**Tax Exemptions**

* IT exemptions for 3 years
* Capital gains exemption to people investing such capital gains in the Govt.  recognized Fund of Funds
* Tax exemption on investments above Fair Market Value

**Legal Support in Patent Filing**

* Fast track of Startup Patent applications
* Panel of facilitators to assist in filing applications, govt. bears facilitation costs: **423** facilitators for patent & design, **596** for trademark applications
* 80% rebate in filing of patents: **377 Startups benefitted**

**Easy Compliance:**Self-certification and compliance of 9 environments and labour laws through Startup India web portal/mobile app. Online self-certification for Labour

Laws enabled through ‘Shram Suvidha’ portal

**Relaxed Norms for Public Procurement:**By easing the requirement of prior experience and prior turnover in tenders for application by Startups.

**Fund of Funds**:

* ₹ 10,000 Cr. Fund of Funds to be provided by Mar 2025: Avg. ₹ 1,100 Cr. Per year
* Operating guidelines has changed to incorporate the following:
* 2x of FFS to DIPP Startups
* Allow funding of entity after ceasing to be Startup (under DIPP)
* 600 Cr (+25Cr Interest) given by DIPP to SIDBI which further committed Rs 623 Cr to 17 VC. 56Cr has been disbursed to 72 Startups catalysing investments of

Rs 245 Cr

**Credit Guarantee Scheme for Start-Ups**

* Corpus of ₹ 2,000 Cr across 3 years
* Collateral Free, Fund & Non-Fund Based Credit Support
* Loans of up to 5 Cr. per Startup to be covered
* Status: EFC Memo circulated on 22 March 2017 to 6 Dept’s
* Impact: Credit guarantee to benefit 7,500+ Startups in 3 years

**Industry/Academia Support:**Providing and building infrastructure across the country by setting/scaling up: 31 Innovation centers, 15 Startup centers, 15 Technology        Business Incubators, 7 Research Parks, 500 Atal Tinkering Labs.

**Startup Recognition:**6398 Applications received; 4127 Startups recognized; 1900 Startups eligible for tax exemption (900 processed, 1000 pending); 69 Startups given tax exemption.

**A close up of a map

Description automatically generatedFUNDING SCENARIOS OF STARTUP**

Many startups choose to not raise funding from third parties and are funded by their founders only (to prevent debts and equity dilution). However, most startups do raise funding, especially as they grow larger and scale their operations.The below chart (Most Funded Year) shows the startups got funding from 2016-2019.

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In the year 2017 (10426609730 USD) and 2019 (9485789525 USD) startups got most funding.

An industry vertical (also called a vertical market) is more specific, identifying companies that offer niche products or fit into multiple industries. Verticals are often new fields with promising companies that attract investors. Below chart shows the most funded vertical market.

A screen shot of a computer

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E-Commerce is the most preferred industry segment for funding followed by Consumer Internet, Transportation, and Technology.

Investors plays an important role as they are the ones who generate capital for new ventures. There can be different types of investor, for instance mutual funds, hedge funds, Venture capital, angel investor etc. These investors can definitely help the startup to raise capital for their businesses. The below chart shows the vertical that are attracted by the Investors.

A screenshot of a computer screen

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SoftBank Group and Westbridge Capital invested nearly 4000000000 USD

The below chart shows the most funded subvertical that investors spend.

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Investors spend most in Bike Taxi (3900000000 USD) followed by Online Marketplace, and E-Commerce Marketplace.

A screenshot of a computer

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Private Equity firm usually raises funds for investment, followed by Series B, Series D, Series C and Funding Round.

Below chart shows the Top Investors in E-Commerce industry.

A screenshot of a computer

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SoftBank Group is the leading investors in E-Commerce followed by Microsoft.