



## Role of Government Policies and Initiatives in Empowering Academic Driven Startups

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### Abstract

An academic-oriented startup typically refers to a recently established enterprise that is led and founded by researchers, often with the backing of a university, and is based on the research or innovative ideas of its founders. In order to foster and enhance the growth of startups in the nation, the Indian government has launched various programs to establish a special fund for new businesses. Hence, the aim of this investigation is to assess the volume of programs, schemes, and policies initiated by the Indian government. For this, all information is collected from secondary sources such as government websites, reports, notifications, etc. It should be noted that this study solely focuses on Indian policies. A potential future study could compare the level of government support for startups amongst different developed nations or between developed and developing countries.

**Keywords:** Academic-driven startups; Government policies; India

### Introduction

With a thriving ecosystem of entrepreneurs, investors, and support organizations, India has become a leading hub for startups in recent years. Academic driven startup is typically a newly established business that is led and founded by researchers, often with university support, and that is based on the research or novel ideas of the founders. The goal is to develop a self-sustaining business and introduce an innovative product or service to the market. In order to foster and support the growth of startups in the nation, the Indian government has launched programs like Startup India Action Plan, Startup India Seed Fund Scheme, Atal Tinkering Labs etc and established a special fund for new businesses. Owing to their importance in fostering innovation, job growth, and economic development, academic driven startups have attracted a lot of attention. These innovative companies possess the capacity to transform entire sectors, bring in new technologies, and change the face of business due to their innovative ideas and spirit of entrepreneurship. Governments worldwide have implemented laws and programs to support startups' growth and success, emphasizing the importance of promoting innovation and entrepreneurship. Startup India, an Indian government initiative, aims to create an environment conducive to startup development (Razak & Reddy, 2019). The Indian government has significantly bolstered the startup sector through initiatives like Atal Innovation Mission, Startup India, and Meity Startup Hubs, along with streamlining regulations and protecting intellectual property rights (Wasnik & Jain, 2023).

Startups drive economic development, creating jobs and generating profit. Student-developed startups enhance collaboration between universities and the industrial sector, influencing the fourth industrial revolution (Shenkoya et al., 2023). Startups are increasingly playing a crucial role in sustainable development, driving a vibrant entrepreneur ecosystem and providing innovative solutions to societal issues. Success or failure of startups can be attributed to various factors. Startups are driving global socio-economic transformation by providing solutions to global issues, driving business growth, and promoting sustainable research. They not only provide employment but also drive



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technological development, economic growth, and university-industry cooperation, contributing to positive change (Kofanov&Zozul'ov, 2018). The purpose of this paper is to present a thorough analysis of how government policies support academically driven startups. In order to advance society and the economy, entrepreneurs are vital. The rapid growth of entrepreneurial ventures is widely regarded as a significant source of innovation, productivity, growth, and employment (Khandelwal & Asthana, 2023). In order to foster a startup culture and establish a welcoming atmosphere for creativity and enterprise, the Indian government introduced a number of initiatives and policies.

## 2.0 Review of Literature

A review of the literature will be compiled from earlier research on startups and government programs aimed at promoting industrialization in first-world nations. The review examines important theoretical frameworks, empirical research, and policy initiatives to provide insight into how well government policies foster an environment that is conducive to innovation and entrepreneurship.

Kshetri, (2016) argued that there are indications the nation is heading toward a market-oriented system and that the State's hegemony over the economy is rapidly waning. The goal of making India a premier business-friendly economy has also been clearly stated in policy.

Sarkar, (2016) said that the government has unveiled plans to encourage bank financing for new businesses and provide rewards for demonstrating entrepreneurship and employment development. The literature survey analysis of startups' possibilities, problems, and funding sources was the main emphasis of this research study.

Font-Cot et al., (2023) highlights the important government efforts that promoted growth in a thorough analysis on the startup ecosystem in Barcelona. A key contribution was played by Barcelona Activa, a well-known company incubator founded in 1986. The ODAME initiative effectively promoted female entrepreneurs, drew in international capital and expertise, and increased regional economic activity. Barcelona's status as a thriving startup ecosystem was further cemented with the implementation of the Barcelona Tech City initiative and the Barcelona Green Deal in 2023. Investment activity increased dramatically in 2017, with 140 transactions totalling more than 620 million euros—a notable rise of more than 50% from the year before.

Fayolle et al., (2006) argue that in addition to fostering an atmosphere that supports an entrepreneurial culture,

governments should offer operational and financial support. This entails encouraging a positive mindset toward taking risks and innovating as well as cultivating a "culture of entrepreneurship" defined by social networks, information sharing, and teamwork.

Shetty, (2017) investigate the venture capital investment in the USA, China, and India. India's venture capital performance is not as strong as that of the USA or China, but the country's consumer technology sector has attracted a lot of venture capital funding.

Singh, (2016) The author offers a summary of the free programs that entrepreneurs can use to get government incentives as well as the laws and regulations that control businesses in India. Programs like Made in India, Digital India, Skill India, MUDRA3, and other national initiatives were discussed. The research looks at the main problems and possible solutions that arose from the experience of Indian entrepreneurs, but it also largely analyzes how the schemes performed.

Venkatanarayana, (2016) found that Startup India's success hinges on overcoming challenges like stringent licensing procedures, a dearth of bank assistance, and the absence of tax benefits for small companies. Various government measures that can help startups are described in the study.

Shah &Jokhi, (2023) found that government policies can positively impact startups, driving innovation and economic growth. Supportive policies encourage aspiring entrepreneurs and students to start businesses, while barriers to entry limit success. The aim is to empower India's creative minds to generate innovative ideas and turn them into thriving businesses. With the third-highest number of startups globally, these measures seem to have achieved their intended goals.

## 3.0 Objectives of The Study

To investigate the number of government policies and initiatives for the development of startups.

To study how the academic driven startups gets affected by the policies and initiatives of the government.

## 4.0 Research Methodology

This study is conceptual and qualitative in nature. In order to fulfil the primary aim, information has been gathered from official government websites, reports, notifications, and other sources. For the second objective, an examination of relevant literature has been undertaken. To achieve this, cross-referencing techniques have also been employed. The keywords employed for the literature review consist of "government policies" or "government

efforts" or "government initiatives or programs", as well as "academics driven-startups" and so on. Words such as "OR", "AND", and the use of quotation marks have also been utilized for the desktop review study.\

## 5.0 Discussion

### 5.1 Government initiatives and policies for academic driven startups

**Startup India Action Plan:** On January 16, 2016, a Startup India Action Plan was implemented. The Action Plan includes 19 action items ranging from "simplification and handholding" to "funding support and incentives" to "industry-academia partnership and incubation." The Action Plan established the groundwork for the government's assistance, initiatives, and incentives aimed at creating a thriving startup environment in the country.

**National Innovation and Startup Policy 2019 for Students & Faculty:** The National Innovation and Start-up Policy 2019 was launched by the Hon'ble Minister of Education, Shri Ramesh Pokhriyal 'Nishank' at AICTE, New Delhi, on 11th September 2019. The policy aims to guide Higher Education Institutions (HEIs) in promoting student-driven innovations and start-ups, engaging students and faculty in campus activities. It aims to build and strengthen the innovation and entrepreneurial ecosystem, leveraging students' creative problem-solving and entrepreneurial mindset. The policy is being implemented by the Ministry of Education's Innovation Cell, AICTE, UGC, state/UT governments, and universities. The policy is a step forward from the earlier version of AICTE's Start-up Policy.

**AICTE-CII India Innovation Initiative:** The Student Start-up Policy, launched by India's President Shri Pranab Mukherjee on 16th November 2016, aims to promote student-driven innovations and start-ups in over 10,000 AICTE approved institutions. The policy advocates for increased participation in promoting student innovations and entrepreneurship-related activities, promoting inter-institutional partnerships among technical institutions, stakeholders, programs, market, and society. It aims to strengthen the entrepreneurship ecosystem.

**Industry/Academia Support:** Innovation Centres, Startup Centres, Technology Business Incubators, Research Parks, and Atal Tinkering Labs are just a few of the infrastructural projects that the government is constructing and supply nationwide. The establishment of 31 Innovation Centres, 15 Startup Centres, 15 Technology Business Incubators, 7 Research Parks, and 500 Atal Tinkering Labs is part of the infrastructure that the nation is providing and growing.

**Startup India Seed Fund Scheme:** The goal of the Startup India Seed Fund Scheme (SISFS) is to give companies financial support for product trials, market entry, proof of concept, prototype development, and commercialization.

By doing this, these firms would be able to advance to a point where they could look to commercial banks or other financial institutions for loans, or they could raise money from angel investors or venture capitalists. Capital availability is crucial for entrepreneurs in early business growth stages. Angel investors and venture capital firms offer funding after proof of concept, while banks offer loans to asset-backed applicants. Seed funding is vital for innovative idea proof of concept trials.

**Fund of Funds for Startups (FFS):** The Honble Prime Minister launched the Fund of Funds for Start-ups (FFS) on January 16, 2016, in accordance with the Start-up India Action Plan. For contributions to different Alternative Investment Funds (AIFs) registered with SEBI, a corpus of Rs 10,000 crore has been granted. Funding needs for start-ups are facilitated by FFS, which was established with the specific goal of assisting the development and expansion of innovation-driven businesses by allowing them to participate in the capital of Alternative Investment Funds registered with SEBI. AIFs funded by FFS are required to invest at least twice as much as FFS.

**Credit Guarantee Scheme for Start-Ups:** The scheme has been approved to provide credit guarantees to loans extended by Member Institutions (MIs) to finance eligible startups. MIs, including banks, financial institutions, and Non-Banking Financial Companies, are engaged in lending and investing. The scheme aims to provide collateral-free debt funding to start-ups. The credit guarantee cover is transaction-based and umbrella-based, with exposure capped at Rs. 10 crore per case or the actual outstanding credit amount. Transaction-based guarantees promote lending by banks and NBFCs to eligible startups, while umbrella-based guarantees provide guarantees to Venture Debt Funds registered under SEBI regulations.

**Atal Tinkering Labs:** The Atal Innovation Mission (AIM) of the NITI Ayog in India has established Tinkering Labs (ATLs) in schools to cultivate one million children as neoteric innovators, fostering curiosity, creativity, and imagination. The AIM aims to foster a culture of entrepreneurship and innovation, with prize awards and incentives as key incentives.

**Sarva Shiksha Abhiyan:** The government of India's flagship initiative, Sarva Shiksha Abhiyan (SSA), aims to achieve Universalization of Elementary Education (UEE) in a timely manner in accordance with the 86th amendment to the Indian Constitution, which declares free and compulsory education for children aged 6 to 14 to be a fundamental right. SSA aims to achieve Universal Access to Education (UEE) by bridging gender and social category gaps, enhancing children's learning levels, and aligning with legally mandated norms. Also aims to

establish new schools in underprivileged areas and enhance existing facilities through additional classrooms, toilets, drinking water, maintenance grants, and school improvement grants. The program enhances education quality by providing infrastructure, promoting innovative teaching methods, and enhancing teacher skills. It enrolls out-of-school children and encourages parental involvement in planning. Proper education fosters creativity and entrepreneurial skills among students.

## 5.2 Government policies and initiatives have a significant impact on academic-driven startups.

### Here are some key points:

Government policies are designed to simplify and streamline rules in order to create a more favorable regulatory environment that will facilitate the establishment and operation of enterprises by entrepreneurs.

The development of startups is greatly aided by government policies that concentrate on granting capital access. Financing and mentoring for aspiring entrepreneurs have been made possible through the creation of funds such as the Fund of Funds for Startups (FFS) and the installation of incubators and accelerators around the nation.

Startups are further encouraged to create and grow their enterprises by incentives including grants, tax breaks, and subsidies.

Government initiatives that support research and development (R&D) foster creativity and make it easier for cutting-edge innovations to emerge. Startups are now more inclined to concentrate on R&D thanks to programs like the Atal Innovation Mission.

To maximize the combined potential of these organizations, cooperation between research centres, startups, and university institutions has been encouraged. The rise of the startup scene is mostly attributable to government programs that place a high priority on Skill development and entrepreneurial education. Through the encouragement of entrepreneurship and vocational training, the government provides people with the tools they need to thrive in the startup environment.

## 6.0 Conclusion

This study examines a variety of government initiatives and programs aimed at fostering startup growth and improving the creative environment in the Indian economy. Many IITs, IIMs, and universities have formed

research councils to foster startup and entrepreneurship among students and young people. Further this study examines the influence of these varied policies on startups. This study is theoretical, and it is limited to India. A future study might evaluate the extent of government assistance for startups in various developed countries or can made comparison between advanced and developed nations regarding government supports for startups.

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