



ISSN: 2249-894X

IMPACT FACTOR: 5.7631(UIF)

UGC APPROVED JOURNAL NO. 48514 VOLUME - 8 | ISSUE - 8 | MAY - 2019

STARTUP INDIA: PROBLEMS AND CONSEQUENCES

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ABSTRACT:

India is a country in South Asia. It is the seventhlargest country by area and the second-most populous country with over 1.2 billion people. Large population implies a large potential market in India; however, it also leads to heavy employment pressure in Indian society. In recent years the selfemployment consciousness among college students are increasing and the students are less likely to rely on parents or schools or wait for opportunities. Instead, they tend to take initiative to look for new chances for themselves. This research aims to investigate the challenges of financing startups in India. This paper is intent to explore the main difficulties faced by startups in India, and discuss the financing resources of

startups in India by using a literature-based analysis.

KEYWORDS: Startups; Financing; SMEs; Venture Capital; Graduates Entrepreneurship.

INTRODUCTION

Definition of Startup a startup company or startup or start-up is a young company that is just beginning to develop. Startups are usually small and initially financed and operated by a handful of founders or one individual. These companies offer a product or service that is not currently being offered elsewhere in the market, or that the founders believe is being offered in an inferior manner.In the early stages. startup companies' expenses tend to exceed their revenues as they work on developing, testing and marketing their idea. As such, they often require financing. Startups may be funded by traditional small

business loans from banks or credit unions. governmentsponsored Small Business Administration loans from local banks, or by grants from nonprofit organizations and state governments. Paul Graham says that "A startup is a company designed to grow fast. Being newly founded does not in itself make a company a startup. Nor is it necessary for a startup to work on technology, or take venture funding, or have some sort of "exit". The only essential thing is growth. Everything else we associate with startups follows from growth."

Startup India campaign relies on Associate in nursing action geared toward arrange promoting bank finance for begin-up ventures to spice up

entrepreneurship encourage start ups with jobs creation. The campaign was 1st declared by Prime Minister NarendraModi in his fifteen August, 2015 address from the Red Fort. it's targeted on to limit role of States in policy domain and to urge eliminate "license raj" and hindrances like in land permissions, foreign investment proposal, environmental clearances. It absolutely was organized by Department of commercial Policy and Promotion (DIPP). A startup is Associate in nursing entity that's headquartered in India that was opened but 5 vears past Associate in Nursing has an annual turnover but 225 large integer (US\$3.7 million). the govt. has already launched made, Associate in Nursing app

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development platform geared toward manufacturing one,000,000 apps and PMMY, the gesture Bank, a brand new establishment started for development and refinancing activities with reference to small units with a finance Fund of 200 billion (US\$3.0 billion).

The Standup India initiative is additionally geared toward promoting entrepreneurship among SCs/STs, ladies communities. Rural India's version of Startup India was named the DeenDayalUpadhyaySwaniyojanYojana.

Challenges faced by Indian Startup:

There are 8 Challenges faced by Indian Startup

1. Team:

The most necessary part of each startup could be a team of dedicated folks that understand their work and mate while not being reminded of a similar. Finding a decent team is that the initial major challenge. As per a survey, twenty third of the failing startups had the incorrect team. Steve Hogan, WHO runs an organization, known as Tech-Rx that could be a startup turn-around search observed that the highest reason of a failing startup is that the absence of co-founders. consistent with Cassandra Phillips WHO is that the founding father of Falcon (a conference wherever founders of failing startups would share their learned lessons) "It's either you started creating a startup with friends WHO did not have complementary skills or the other - folks you're thinking that have the right balance of skills, then again utterly alternative ways of human action."

2. Location:

The most necessary downside visage by associate Indian startup is that the location from wherever it's being launched. Bharat could be a place of various cultures and style, thus, each product may not be welcome equally by each region. A survey detected that forty second of the unsuccessful startups attribute their failure to the dearth of their market would like. Now, this is often wherever we have a tendency to shouldn't follow Steve Jobs' suggestion of 'not asking what the client needs.'

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3. Marketing Strategy:

This follows the on top of challenge. Similar to the very fact that each product isn't meant for each location, each promoting strategy wouldn't work for each region. Poor promoting is that the reason behind Bastille Day of the unsuccessful startups.

4. Legal Constraints:

Once an organization has been supported, it's vital for the members to induce at home with all the legal constraints related to the product(s) they're coping with. V-E Day of the unsuccessful startups are thanks to legal challenges.

5. Funding:

This challenge is solely dependent on the business model. The model decides whether a huge amount of funding requires or not and most importantly when's the right time to invest.

6. Management of resources right from the beginning:

Once the business starts flourishing, it gets all the additional necessary to manage the influx, investment in associate degree organized method as there would before long be generated too several knowledge to handle. Each tiny little bit of management would amplify because the company would grow and things will get real untidy and out of proportion.

7. Getting the right information/advice:

This comes right down to the challenge of moving into contact with the proper quite folks that has in-depth data on the areas regarding the startup.

8. Fighting demotivation:

This gets additional necessary once it involves Indian startups as a result of in several regions here the concept of scholars selecting associate degree unconventional path remains perceived as destroying one's career.

The most important issue here is what is a "Start-Up", because before you think of taking any of these benefits, you need to be eligible for them. The Action Plan has defined a Start-Up and some intriguing points come out of it:

- 1. The window for associate degree enterprise to be referred to as a "start-up" may be a rather generous five years. i.e. even a 4.5 year recent enterprise may be a start-up
- 2. The annual turnover can't be higher than Rs twenty five large integer in any year, that once more may be a pretty high limit
- 3. solely a personal Company or a Registered Partnership will qualify for a Start-Up
- 4. A clause (rightly so) conjointly bars any enterprise that has been fashioned by rending up, or reconstruction, of a business already breathing, so as to avoid misuse
- 5. The business of this start-up needs to be "a new product or service or method; or a considerably improved existing product or service or process that may produce or add price for patrons or workflow". The key here is de-linking of the business from technology driven businesses. This is often a decent sign since it unveil the sector for all forms of new ventures.
- 6. From the higher than, it is obvious that the main target is on "new" or "significantly improved" product or services, not copy-cat ventures. The definition of "new" or "significantly improved" although perhaps a difficulty since it's terribly subjective. Then again the choices taken by Venture Capitalists whereas finance in a very start-up also is for the most part subjective. Also, as we are going to see later, this task has been outsourced to different agencies.
- 7. The definition conjointly says initiatives that don't have potential for development or that don't add progressive price for patrons are going to be out of the image. This once more is quite subjective and looking out into the longer term basically. We have a tendency to still don't recognize whether or not on-line retail can ever be profitable though they are doing add price for patrons.
- 8. Further, to be a start-up the enterprise needs to be supported by a recommendation from such Incubators or Funds registered with SEBI that endorses the innovative nature of the business. Whereas this kind of a check perhaps necessary to stay out fly-by-night operators, it should conjointly cause discrimination and corruption.

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