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# Start Ups; Let's Start Them Up - An Inside View in the Indian Start Up Scenario

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**Abstract:** *The term start up has many meanings when it comes to Indian context. It refers to people, particularly young dynamic people getting together and starting their own company (Start up) to create values for customers as well as for themselves. The term start up has become synonym to growth, entrepreneurial traits, vision and futuristic approach. India and countries like India need such practical, dialectical steps to counter the gaps of development. The fresh breeze of air proved to be current government's standing and policy stance regarding start ups and start up culture in India as it is collectively called. Even state governments have realized the importance and inevitability of start ups in the overall economic development, micro level economic development in particular. India stands on the greatest resources and God-given capacities to become a start up nation in the lieu of Israel, USA, Germany but the only challenge is about creating a mindset and incubation for such start ups to grow organically and inorganically both. The important question on this juncture is to ask, why start ups are needed in economies and for countries at large? The simple answer to this question would be, to help young entrepreneurs to grow and create value with products and services which are being offered have quite a different nature. The contribution of business houses has been huge, but the level of innovation they adopt is very nascent, on the contrary the level of innovation and invention start ups consume or produce, is extremely huge. Thus start ups are making the very way of living from challenging to comforting, from complicated to uncomplicated. This research paper is an attempt to understand the reasons and motivation behind the inorganic growth of start ups in India and also to try to understand the varieties of challenge they face. More importantly this article would be helpful to underline the major contributions of start ups in economics like India. This research paper will furnish variety of recommendations to improve the overall scenario of start ups in India and help in making India the world's start up capital.*

**Keywords:** *Start ups, Innovation, Invention, Start up capital, Entrepreneurial traits, Entrepreneurship development.*

## I. INTRODUCTION

The start up scenario in India has gone a huge makeover, now people are not alien with the concept of start ups. Earlier people had no idea what this concept is all about, thanks to the rise in media's encouraging coverage towards start ups recently. The concept of start up is somehow different for Indians and not so different for people of developed economies. Start ups are something to do with new product/process for the entire market or fraction of the market. Start ups must not be confused with small business, as the biggest difference being is INNOVATION. Recently government of India has launched "Start up India" initiative to foster/support and encourage start up efforts in India. The results are very satisfactory with initiative being accepted with open arms in country, various state governments have also started the similar efforts. India stands at a very important cross road, India stands at number three in overall technology driven start ups in the world (Top two positions are held by USA and UK respectively). The very nature of start ups in India is technology based which is fuelled by young IIT's graduates as the patterns of start ups in India further suggests, they are undertaken in very unconventional terrain like medical etc.

The important question remains is, how start ups are shaping the very structure of economy in India or elsewhere (In similar economies). The overall impact of start ups is very visible initially then, only those ideas persist which are smartly implemented. In India government is constantly trying to create an environment which is both conducive and optimum for start ups. The reason is very simple, start ups are necessary for the entrepreneurial and innovative growth of any nation. There are nations which are smaller than ours and less naturally equipped than ours, but made tremendous growth and advancements in the field of economy and overall development. The secret of their success is nothing but an appetite for innovation. If India wants to be in the front lines with developed nations in the world, innovation is the key to become so. Fortunately India is endowed with youngest population which is primarily required for setting up start ups. With the growing inclination towards "Having something of my own" attitude is also helping in bringing new ideas into successful implementation. India has produced some of the leading start ups in the world, which are working as the lighthouse for the rest. The prominent example being OYO Rooms and Zomato (both catering to a very different market segment and objectives). In short, the start up scenario is looking very convincing and bright as the investments are growing

in India start ups from worldwide investing bodies both organized and individuals. The recent example of such investment being the huge multibillion dollar investments in various start ups functioning in India like ola and flipkart. In a way start up era has started in India and it is the time to give its due push.

## II. RESEARCH METHODOLOGY

The present paper is based on descriptive research method and undertakes secondary data into account. The research was extensively done for certain purposes which are to be studies in certain limitation as well. Research methodology further includes the various objectives and hypothesis designed for the study, along with literature review. The information and inputs are gathered from various sources (Secondary sources) to establish arguments and counter argument for start-ups in India. Present methodology advocates qualitative research, thus making this research paper a qualitative research paper. Along with it, information/inputs have been incorporated on observation. The study is based on certain objectives and limitation, as mentioned earlier; the efforts shall be made to meet objectives based on systematic analysis of inputs/information available through several sources. Following are the source of information for the study-

- A. Reports of various government departments.
- B. Special reports on start-ups and entrepreneurial development from various institutes like FICCI.
- C. Various research work done on similar or related field.
- D. Publication of various reports by various state governments.
- E. Special supplements published by news papers/magazines etc.
- F. Other relevant online publications.
- G. Any other information both online/offline.

## III. OBJECTIVE OF THE STUDY

The present paper is based on certain objectives and efforts are made to meet these objectives. Objectives are very important for any research work as it defines the area and scope of the study to be carried out. These objectives are set after much deliberation and so that the outcome of the paper is productive enough. This research paper has the following objectives-

- A. To understand the start-ups and their significance.
- B. To unlock the patterns of start-ups their founders in India.
- C. To underline the various roles of start-ups in India.
- D. To identify the driving forces and barriers in India's path of becoming a start-up hub.
- E. To produce suggestions to make the start-up environment more conducive in India.

## IV. HYPOTHESIS OF THE STUDY-

This research paper is principally based on the following hypothesis, which are going to be used in tune with objective and tested for its approval.

- H<sub>1</sub>- Start-ups are playing the role of game changer in India.
- H<sub>0</sub>-Start-ups are not playing the role of game changer in India.
- H<sub>1</sub>- India has a healthy environment for start-ups.
- H<sub>0</sub>- India does not have a healthy environment for start ups.

## V. LITERATURE REVIEW

Literature review helps in understanding the topic a bit more and finding out the research gaps as well. Usually this review contents research work, reports and news paper articles which are related to the topic and provide a deep understanding and sense about the topic/subject being discussed. This research paper has the following literature review-

- A. Badra, Shailja, Dr. and Sharma, Vivek in their research paper title "Start up India- New Opportunities ForThe Entrepreneur" (2016) write "The success of Start up India campaign hinges on initiatives like faster and easier registration of Companies, self-certification for many legal requirements, zero inspection for three years, funding for patents, and speed of patent protection. It is important to add provisions which aid the closure of dead companies within 90 days. Indian lawmakers could do this under



the new bankruptcy bill. The central theme is that ease of starting and ending is critical in the context high rate of start up mortality. The Government proposal do so, across Universities, innovation movements, research parks and industry parks is on similar lines. The promise of an initial capital of ten thousand crores over a period of four years from the government is capable of attracting tenfold investment by 2022. Credit guarantee for start up lending is the booster dose required to galvanize Indian industry. Incentives in the form of tax holiday for three years are a benefit worth considering.”

- B. Report title “Start-Up India- an Overview” Prepared by Grant Thornton for ASSOCHAM India (2016) writes “Startups have been the flavour of the season over the last few years for the Indian markets. This has resulted into the emergence of a number of home grown unicorns across the country. One of the major contributors leading to this development has been the mega funding that has been ploughed into most of these unicorns between the period 2007 and 2015. This has been in line with the global trend dominating the space. Even the aspiring unicorns have had a decent run during this period, where managing to find investors is usually considered a tough task. The trends of investments suggest that investors want to enter as an early investor, even before the start of the firm. From an overall viewing, India comes across as a thriving under-penetrated consumer driven market with a scope for exponential growth. Internet penetration and its increasing importance will drive most of the businesses. On account of the consumer demographics, with China being out of bounds, India offers the largest pie of investment opportunity that the world is eyeing.”
- C. Andaleeb, Uruba and Singh, S.D,Dr. In their research paper title “A study of Financing Sources for Start-up Companies in India”(2016) explain that “Before the recent hysteria of Startups, India was mostly popular as an IT outsourcing destination that provided cheap and easy labor to the global companies for carrying on various back-end jobs. Technology startups in India date back almost three decades. On compilation of the Industry’s major landmark, Microsoft Accelerator in India came up with four distinct phases of growth and maturity that have traversed so far: software services and global delivery model, the dotcom era, the rise of product startups and growth of startup ecosystem. Some of the milestones include US-based Texas Instruments’ decision to start an R&D centre in Bangalore in 1985 which further served to be an incubator for many of the current entrepreneurs and the launch of the infamous accounting software Tally in 1986. Aiming to foster entrepreneurship and promoting innovation by providing an ecosystem that is conducive for growth of Start-ups, with an object to facilitate India become a nation of job creators instead of being a nation of job seekers, the Indian Prime Minister launched the initiative formally on January 16, 2016 from VigyanBhawan, New Delhi.
- D. Report title “Start – Ups: What You Need To Know”(2016) Prepared by “Nishith Desai Associates (NDA)” explains “A startup is faced with a number of issues that have to be dealt with in order to grow into a successful organization. Apart from planning the most effective business strategy for the company, the startup needs to look at the regulatory environment, various legal issues, and the laws of the country where the start-up is proposed to be set up. In addition to this, the startup will also need to examine the regulatory and tax regimes of locations it plans to do business in. In many instances, structuring the correct set up for a startup helps to prevent future complications, and mitigate regulatory and tax risks at a future stage when the startup is nearing maturity Perhaps the first step a startup needs to take is to determine how it will be setup, from where the seed investment required to set up the startup entity needs to be brought (colloquially referred to as “Structuring”) and what sort of entity it would like to function as. For certain professions, this may be limited to partnerships though the preferred entity tends to be a company. Incorporating a company requires certain steps, which we deal with in this paper.”
- E. Wagh,Madhura, in her research paper title “Government initiative for Entrepreneurship development-Start up India Stand up India” (2016) writes “In India Entrepreneurship is less desirable career choice. Government policies and programmes, education and training are regarded as main constraining factors for entrepreneurship. Recommendations were directed towards liberalisation of government policies, capacity building through training and education, restructuring through incentives and tax structure to promote entrepreneurship and increased investment in research and development through growth in innovation. To address these recommendations ‘Start up India Stand up India’ initiative is announced by government. It is an initiative by government ‘to build strong eco system for nurturing innovation and startups in the country that will derive sustainable economic growth and generate large scale employment opportunities”
- F. Sharifi Omid and Hossein, Karbalaee, Bentolhoda. In their research paper title “Understanding The Financing Challenges Faced By Start ups In India” (2015) explain “ India is a country in South Asia. It is the seventh-largest 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 self-employment 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. Many businesses start with a dream, but it takes

more than just a dream for them to grow into successful businesses—including the tenacity to overcome the many challenges facing startups today. Startups take time, effort, and energy. Funding is a major concern for startups and small businesses. When the economy tanked, it made it harder to convince investors and banks alike to part with the cash that is essential for growth in the early days of a business. Credit today is tight, and it is not clear precisely when it will become more readily available. Plus, there is a growing trend of smaller initial investments in early stage startups. Intensifying the challenge of raising funds, major leaps in technology have led investors to raise the bar in terms of how much legwork entrepreneurs are expected to do before even pitching their companies”

## VI. INTRODUCTION OF START-UPS-

Start ups are usually and wrongly get confused with small business, this particularly happens in India, where start ups took off a bit late as compared to other parts of the world. India is still paying the huge price of this late start though. Start ups have been playing a critical role in shaping the very entrepreneurial characteristic of India. The recent patterns (Started after year 2000 and got intensified after year 2008) have shown one thing constantly, that is start ups are related with innovation or unique offerings from a very different platform which together makes the company differently positioned. Recently Indian government under the headship of Prime MinisterShreeNarendraModi, launched an ambitious scheme, called “Start up India- Stand up India”. According to Prime Minister, NarendraModi-

“Startup India is a revolutionary scheme that has been started to help the people who wish to start their own business. These people have ideas and capability, so the government will give them support to make sure they can implement their ideas and grow. Success of this scheme will eventually make India, a better economy and a strong nation”

The statement given by the prime minister underlines the value and role of start ups in Indian economy and for development of Indian entrepreneurial traits/characteristics. He terms start ups as a game changer and he explain the role of government in realizing the capacity of such individuals who wish to establish their own venture. Start up policy is a mixture of incentives and subsidies which are designed to encourage and promote start ups in India and making India a start up hub in the world. For the first time after seven decades of independent India, government has taken planned and decisive steps towards ensuring unprecedented growth and motivation of entrepreneurial characteristics/traits in the country. The various clauses and arrangements have helped start ups, working in India. One of the most important elements of Indian start ups which have become so common is the age and educational background of founders of start ups. According to the NASSCOM-Zinnovstartup report titled "Indian Startup Ecosystem Maturing – 2016” currently India stands at no. three worldwide in terms of largest startup base. This position of India is just after United Kingdom. The report further conclude that, the present efforts and ecosystem is enabling the growth of startups to increase by 2.2 times to reach close to 10,500 startups by 2020.

### A. Start up defined- According to Investopedia

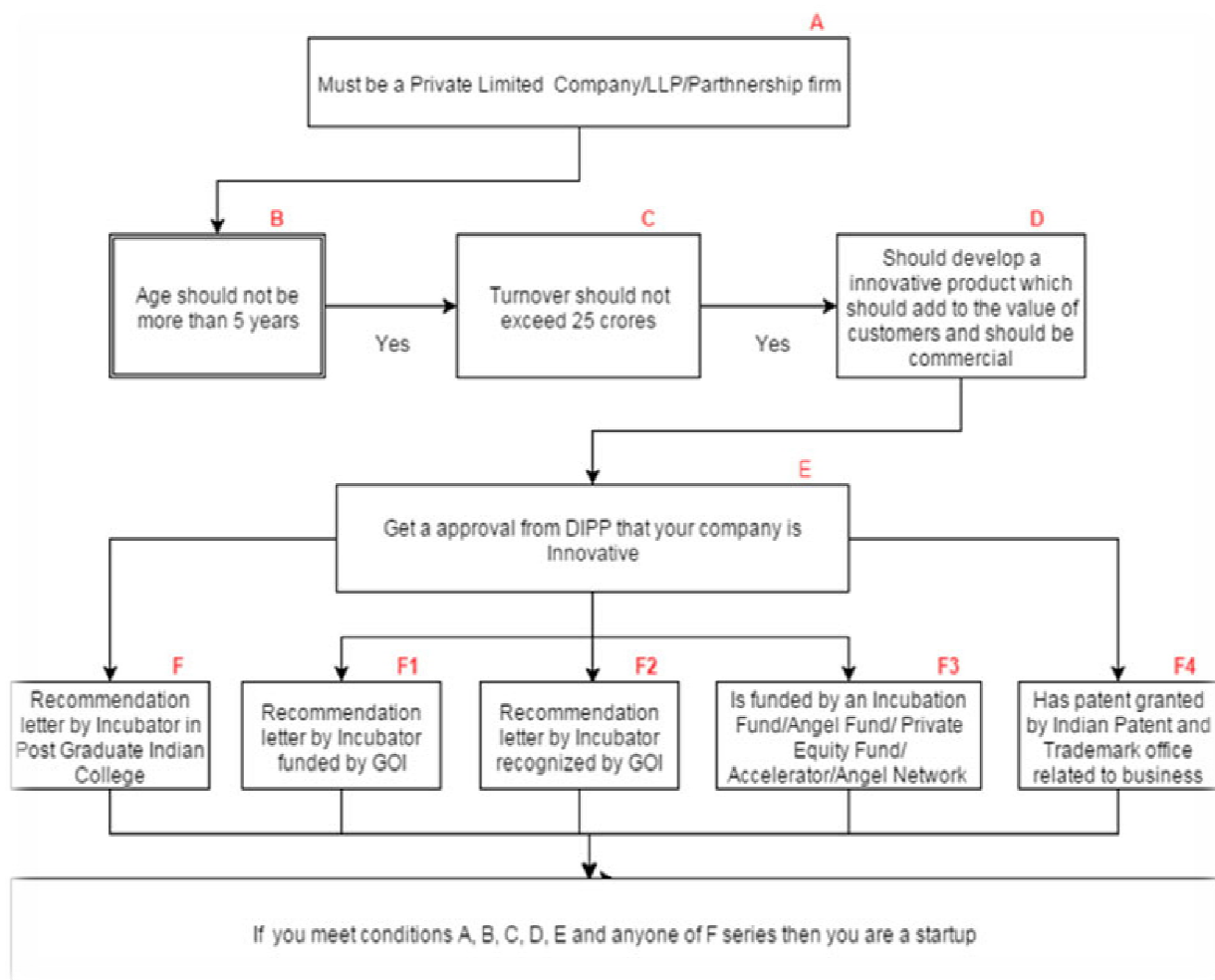
“A startup is a company that is in the first stage of its operations. These companies are often initially bankrolled by their entrepreneurial founders as they attempt to capitalize on developing a product or service for which they believe there is a demand. Due to limited revenue or high costs, most of these small-scale operations are not sustainable in the long term without additional funding from venture capitalists”

Government of India has defined Start ups as those newly founded companies which fulfill the criteria set by DIPP; according to DIPP(Department of Industrial Policy and Promotion) Ministry of commerce and industries, Startup means an entity, incorporated or registered in India which is-

### B. Exceptions of this definition are as following-

- 1) Provided that such entity is not formed by splitting up, or reconstruction, of a business already in existence.
- 2) Provided also that an entity shall cease to be a Startup if its turnover for the previous financial years has exceeded INR 25 crore or it has completed 7 years and for biotechnology startups 10 years from the date of incorporation/ registration
- 3) Provided further that a Startup shall be eligible for tax benefits only after it has obtained certification from the Inter-Ministerial Board, setup for such purpose.

Image1.1.The flow chart of being recognized as Startup in India



Source- <https://yourstory.com/2016/01/startup-india-action-plan-eligible/>

In broader terms a start up can be defined as “A newly founded venture out of entrepreneurial aptitude by young dynamic and highly educated entrepreneurs for providing goods and services which are innovative, unique and fulfils a certain demand which have been existing in the market from a very long time. Start ups is all about the mechanism through which goods and services are provided/distributed to end users/customers, the important key remains INNOVATION either in product or in process of distribution/execution”

## VII. CHARACTERISTICS OF START UPS-

As seen in the definition itself, start ups have different features and characteristics than any other pre existing business enterprises. These are highly innovative and odd structured entities; they have very little scope for organizational formalities/customs. In short all those elements which make a huge organization are completely missing or compromised in start ups, for example organizational hierarchy is absent in start ups. Following is the further investigation in finding out the uniqueness of start ups-

### A. Innovation/Disruptive

The start ups have the main characteristic of being the most innovative in their approach of serving the customers/market. The level of innovation is accommodated by start up is highest in any other entity which leads to disruption.

### B. Sizes of the company/entity/enterprise

Start ups have typically small size wherein not more than 30/50 people are working. The size of their operations is also very limited which might grow as per the requirement and other factors.

### *C. Organizational structure*

One of the significant characteristic of start up is having a very flat and non hierarchy based structure. Where founder (s) work very closely with the teammates and treat them as part of the innovation rather than employees, in reverse employees work with their full potential.

### *D. Rapid growth*

Start ups have the tendency to grow fast in terms of revenue and market share as the product and services are being offered are very innovative and new for the customers/market.

### *E. Unconventional sources of financing-*

Start ups, by their very nature are funded by unconventional sources over conventional sources like banks financial institutions. They are mostly funded by individuals, venture capitalists, angel investors and entrepreneurial funding agencies (Softbank etc.).

### *F. Risk and uncertainties*

All the start ups are usually very innovative and deal with uniqueness of product and services. More innovation attracts more risks and uncertainties. One of the most important fixture of start ups is they are highly risky, as the market offerings are very unconventionally offered which as a result, accelerate the level of risks and uncertainties.

### *G. Initially focused on singular product/servi*

Start ups initially (or forever) focus on single product/services to the targeted market. Unlike a company, they are very focused on their product offerings. They offer single product/services to market and after a long while may include some varieties.

### *H. Available resources*

Contrary to common belief, start ups do not have many resources. They usually struggle a lot to attract resources and often fail in doing so. Once their product or presence is noticed, than only they get much needed resources. It is very unlikely to companies and other business entities.

Significance of Startups in India economy or why start ups matter- The very nature of start ups make start ups a necessity for growing economies like India. What start ups offer in terms of economic contribution is very huge and game changer in terms of innovation, opening of newer markets and production/consumption of unique/innovative products for the consumer and creating a generation which believes deeply in being job provider rather than job seekers. Other than that, start ups and their existence and their successful operations motivates others to follow the same line. In a way, it creates huge hubs of successful enterprises, and makes traditional economies innovation based economies. Start ups also help in creating an environment of mutual development and creativity based employability. Other than that, some of the significances of start ups in Indian economy are as under-

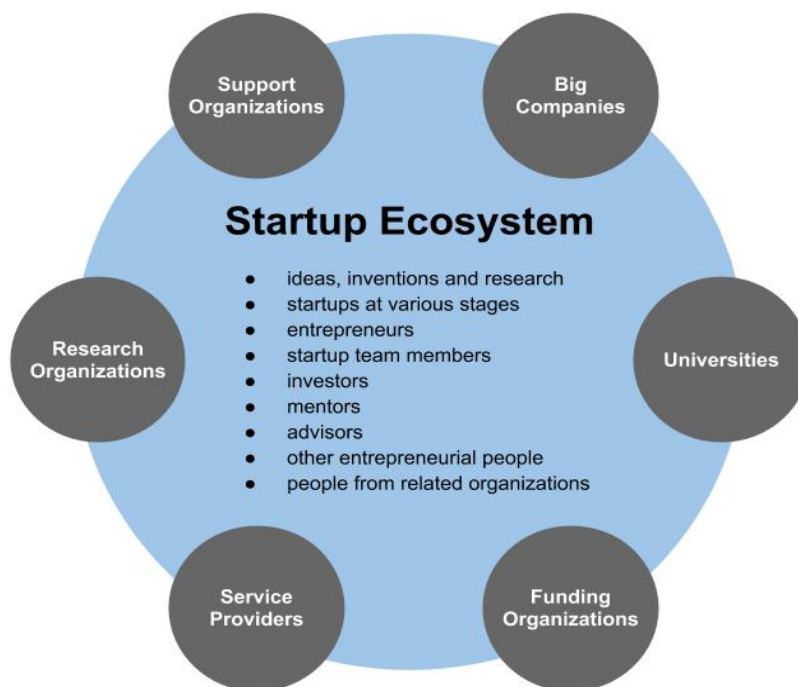
- 1) Creation of entrepreneurs and grassroots employment in country which further reduces the burden of unemployment and helps in evolving a developed country.
- 2) Innovative patterns of production and consumption in country makes a society of higher standard living. Stat ups provide such ways, which makes society's consumption innovation and unconventional.
- 3) Building a culture of entrepreneurial excellence and incubation is encouraged by the Growth in start ups which is a sign that, the country is moving towards technological advancement, betterment in societal standards etc.
- 4) Boom in research and development in country is encouraged by start ups, thus the cutting edge technologies which lead to innovation and inventions can be developed. This boom in research helps in finding ways to serve the demands.
- 5) Saving time and other resources can also be contributed to start ups, as they evolve solutions which are very time and resources saving for the customers.
- 6) A better image, a better message goes out as well with growth of start ups in country. As they became the identity of the modern growth in the world replacing industrialization, countries producing maximum number of start ups are considered to be highly developed.
- 7) Encourages educational institutions to be more focused on innovation and entrepreneurial educational curriculum.

- 8) Overall, start ups have huge importance when it comes to India and similar countries, as these nations are needed to move away from traditional sources of income and for creating new avenues of jobs, revenues and production. The experience has taught so far that, with just a push from government and other competent authorities, start ups can and will change the overall consumption pattern of India. This change is not going to be uncomfortable for anybody, but will create value for every stakeholder.

#### I. Driving forces cum Eco system for Start ups

Let's try to find out answer to the most important question which is, what motivates and promotes start ups in any country? The answer to this question is very crucial to be found out for many reasons. Firstly it will help those who have been struggling to become a source of start ups and secondly, it will enlighten us on what measures have been taken by government of India so far for systematically promoting and motivating start ups. One thing is for sure that, start ups are quite unlike small business and other traditional business units, their motivation is very different and so is their incubation and eco system for growth and survival. If country fails to provide that typical eco system set up, the growth and survival of start ups in that country/region will be severely affected or will stay deplorable. Instead of money and infrastructure, start ups demand Idea protection and policy support from government. The following chart underlines the core area of ecosystem ideal for start ups in India, and some of these areas are being covered in current start up India initiative by central government.

**Image 1.2**  
**StartupEcosvsystem**



Each core area has an important role to play in the overall development of startups in India and elsewhere too. The government of India has introduced a further step in creating a proper ecosystem for start ups which include the following main provision and policy stance for founders. Start Up India-Stand up India is an initiative of government of India, which is very ambitious project for providing the necessary ecosystem which covers the main areas like-

#### J. Highlights of the Plan-

- 1) Compliance Regime based on Self-certification
- 2) Startup India Hub – A single point of contact for the entire startup ecosystem
- 3) Rolling out of a Mobile App & Portal – Starting a Startup in 1 day on a Mobile App



- 4) Fast track mechanism of Startup patent applications
- 5) Relaxed Norms of Public Procurement for Startups
- 6) Faster Exit for Startups
- 7) Rs 10,000 crore Fund of Funds for funding support
- 8) Credit Guarantee Fund for Startups
- 9) Tax Exemption on Capital Gains
- 10) Tax Exemption to Startups for 3 Years (for startups registering after April 1, 2016)
- 11) Tax Exemption on Investment above Fair Market Value
- 12) Organizing Startup Fests for Showcasing Innovation and Providing a Collaboration Platform
- 13) Launch of Atal Innovation Mission (AIM) with Self-Employment and Talent Utilization (SETU) Program
- 14) Harnessing Private Sector Expertise for Incubator Setup
- 15) Building Innovation Centres at National Institutes
- 16) Setting up of 7 New Research Parks Modeled on the Research Park Setup at IIT Madras
- 17) Promoting Startups in the Biotechnology Sector
- 18) Launching Innovation Focused Programs for Students
- 19) Annual Incubator Grand Challenge

The recent investment scenario of start ups has been very impressive and they are far better than the traditional business sources, as the

risk portion in start ups is usually quite high as compared to other business units. Capital funding is most important for start ups, which has put into account for their existence and smooth survival. The interesting fact remains that, they are primarily do not depend on traditional banking system for finances and investments but on innovative and individual sources. In recent times some of the professional financial bodies have come up in India along with some venture capitalists/angel investors for providing the much needed financial aids. The fact remains that, the evaluation process for finding and selecting the firm/start ups for finance is very unlike the banking, where the stress is on collateral securities, but in the case of start ups, the focus remains on uniqueness/newness of Idea. Further to that, how the founders are planning to implement the idea which they have in mind. The financial assistance is not a loan or debt but, it is an investment where the firm/person investing becomes the part of daily process/decision making of startup. In a way, the growth saga or ecosystem of start ups has much to owe towards these investment bodies, which played a vital in giving the head start to start up culture in India. Recently Mr. Ratan Tata also started investing in such start ups which according to him “create value for the gross rooted customer” Apart from Mr. Tata, following are the prominent angel investors in India, according to <sup>3</sup>*Forbes*. These people have invested into many successful startups, along with that, they also guided, consulted, and promoted them in their own unique ways. Their personalities are so huge; it makes a lot of things easy for the young start ups in terms of providing capital and motivation and of course media attentions.

Rajan Anandan is a MIT and Stanford educated managing director of Google India who resides in Bengaluru. He is also the co-founder of Blue Ocean Ventures in Sri Lanka. Over the past few years Rajan has emerged as one of the most active angel investors in the Indian startup ecosystem by parking his capital in more than 80 startups such as Druva, Insta Mojo, TravelKhana, Quench, Miss Malini and Burrp. While scouting these nascent organizations across big data, cloud computing, SaaS, analytics, consumer internet, digital media, online healthcare, mobile commerce, and social games sectors, he gives attention to the ones with proven record of market viability.

Sunil Kalra has been investing in startups since 2002. Currently his portfolio of 50 startups is spread across technology, education, healthcare, logistics, mobile and e-commerce sectors Airwoot, Orange Scape, Crayon, Culture Alley, Wooplr, and My Shaadi.in have all been funded by him. He says “I am not from a tech background. However, tech-based companies have the ability to prove their concept with less capital. They are also leaner and far more scalable. Therefore, I am concentrating more on tech for now.

Anupam Gopal Mittal is known for bringing a revolution in arranged marriage market through his offering shaadi.com. He has a portfolio of more than 50 startups. Anupam has shown preference for sectors such as clean technology, consumer internet, mobile, healthcare and SaaS. He prefers not to interfere in the work of founders and has funded startups such as Makaan.com, Mauj Mobile, Ola Cabs, Fab Hotels, LetsVenture, Truebil, Ketto and Prop Tiger.

Sanjay Mehta started investing in startups about four years ago. OYO Rooms, Pretty Secrets, Klip.in, Talview, Orange Scape, and Fab Alley are the prominent names in his impressive portfolio of more than 60 startups. He says, “No network invests in an idea on paper. They need consumers.” While scouting for startups across clean technology, consumer internet, enterprise software and healthcare sectors he is known to steer clear of businesses that require large capital investments to scale up.

is the head of Aarin Capital Partners in Bengaluru, and is also affiliated to Unitus seed fund and Exfinity ventures. He has funded the likes of SAHA fund, Zoomcar, Zimmbur, Uniken, YourStory, Kaaryah and FairCent. Currently Mr.Pai is focusing on developing a funding ecosystem, which consists of more than 10 funds to fulfill capital requirements for an entrepreneur.

AnandLadsariya is the founder of chemicals maker, Everest Flavours. As an ex-Chairman of CHEMEXCIL he is a prominent name in the Indian chemical market and posses a reputation to tap Mumbai Angels and Indian Angel Network in search of a disruptive idea across location based services, customer support tools, and content discovery and web design sectors.

The Recent Start ups wave in India- India has becoming a start up hub in not only Asia but in the world. India stands at number three in terms of start ups getting established and running smoothly. The recent undivided attention of government at the central as well state level also contributed dearly in the process of establishing start ups in India. The important core area of finance also got enhanced to better by the introduction of new age as well as professional angel investor as mentioned above. These all factors are contributing in the current growth saga of start ups in India. Be it any sphere of life, start ups are influencing it, right from tech based start ups to hyper local start ups have actually made life more easy and less challenging in terms of stress and money spent. The most important and innovative example which has emerged recently in India is OYO rooms. Which is a hotel rooms aggregator, currently stand at number 14 globally and number 1 in India in its segment. OYO aims to become number one in the world by 2020. OYO actually made the entire process of accommodation hassle free by giving a world class user interface, where user is able to book rooms, while availing special discounts. In a way, OYO in all its totality defines the essence and value creation process of Startups. In its core it is the great example of a start up, which is pure Indian and helping in providing valuable solution to a long and ever existing problem of finding a decent accommodation option. Another start ups which actually helped in a lot of ways to its core customers; women. The idea is to save women from the embarrassment of buying their inner garments. Zivame, was founded by young, enthusiastic, ambitious entrepreneurs Ms.RichaKar. She founded the one of its kind start ups venture in year 2011, after feeling the ground realities of Indian women's dilemma.\*<sup>4</sup>According to *Tech In Asia* The following table contains more such examples of Indian start up venture's wave.

Table-1.2 The Torchbearers of Start Ups in India

Name of Start up	Founder(s)	Funding (US\$)	Key Investors	Industry
PepperTap	Navneet Singh	US\$46 million	Sequoia Capital, SAIF Partners, and Innoven Capital.	Groceries, Ecommerce
Zivame	RichaKar	US\$46 million	Kalaari Capital, IDG Ventures, and Unilazer Ventures	Ecommerce (Women Inners)
Common Floor	Sumit Jain/LalitMangal/VikasMalpani	US\$62.9 million	Tiger Global, Google Capital and Accel Partners	Classifieds
Cardekho	Amit Jain	US\$75 million	Hillhouse Capital, Tybourn Capital, Ratan Tata, and HDFC Bank.	Classifieds, Ecommerce
First Cry	SupanMaheswari	US\$69 million	New Enterprise Associates, Valiant Capital, IDG, and SAIF Partners	Ecommerce
Urban Ladder	AshishGoel/Rajiv Srivastava	US\$77 million	Sequoia Capital, Steadview, SAIF Partners and Kalaari Capital	Ecommerce
PolicyBazaar	YashishDahiya	US\$78.3 million	Tiger Global, Steadview, Ribbit, Temasek and InfoEdge.	Fintech (Financial Technologies)
Hike	KavinBharti Mittal	US\$86 million	Tiger Global Management and Bharti Softbank	Social networking
Freecharge	Kunal Shah	US\$117 million	Sequoia Capital, Tybourn, Sofina, Valiant Capital and RuNet.	Ecommerce

Practo	Shashank ND	US\$124 million	Tencent, Sofina, Sequoia Capital, Altimeter Capital, and Matrix Partners.	Healthcare
Delhivery	SahilBarua	US\$126.5 million	Times Internet Group, Nexus Venture Partners, and Tiger Global.	Logistics
OYO Rooms	RiteshAgrawal	US\$130 million	SoftBank, Lightspeed, and Sequoia Capital	Ecommerce,Travel
Redbus	PhanindraSama	US\$140 million	Helion Venture Partners, Seedfund and Inventus Capital.	Travel, Ecommerce

Source-<https://www.techinasia.com/indias-top-30-startup-founders>

#### K. Patterns of Indian startups and their founders

The recent trend towards the growth of start ups has indicated some fundamental patterns or commonalities between all the founders and starts ups which are taking shape in India. In last 20 years or so, India started reaping the core and allied benefits of globalization and liberalization process/initiative which was started back in early 1990s. Software and so called IT boom followed by internet era have scripted the initial start ups success stories. The recent trend which we are witnessing today can be track back to year 2010-11. This was the time when maximum number of start ups got established and still existing with their differentiated products/services and enjoying the first mover's advantage. In a way one can say that the start up culture in India is just 7 years old and for that short period of time, India has done tremendously well of itself. One thing remains undone, which is to unlock or decode the pattern of founders/entrepreneurs. Let us try to understand the set patterns of start ups and their founders in India and try to find out what makes them different from other businessmen.

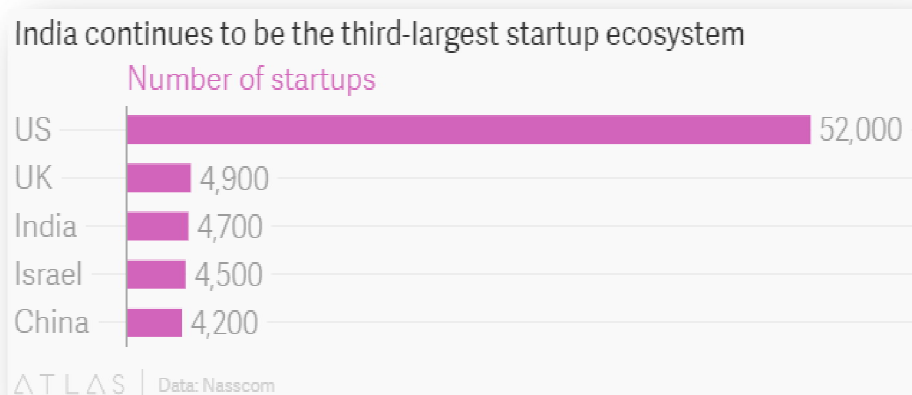
- 1) All the start ups India are largely based on IT/internet technology. Very few start ups are there which use other than IT for their operations
- 2) The majority of start ups India which have mushroomed recently are dedicated to Ecommerce followed by travel and accommodation.
- 3) The most important element in Indian start ups is they are highly urban centric. Their operation and management remains in highly urbanized centres of country.
- 4) A very interesting observation about the start ups in India is this; the founders have been offering the services/products in the market which they themselves felt the urgency of. For example BhaveshAgrawal, the founder of OLA (Taxi aggregator) himself felt the need of "Taxi on demand" approach.
- 5) All the start ups in India have the common pattern of being founded by young, dynamic and highly motivated breed of people. Who themselves served into many other organization prior to establishing their own start up.
- 6) Apart from innovation, disruption has been the mantra for Indian start ups. They do not believe in maintain status quo, but in disturbing the status quo for better and forever.
- 7) Indian start ups do not shy away to exist from the market. For example Askme.com, a personal guide ecommerce company was shutdown in year 2016 without much wastage of resources, just after realizing their limits. The other side to this story is not that grim, RiteshAgrawal, founder of OYO also shut down one of his previous venture. But it did not stop him from becoming the youngest millionaire of India.

#### L. Roles of Start ups/how they are becoming game changer in India

The worthy and most productive discussion of the time would be "Defining startups as change agent" in a way trying to understand the uniqueness of start ups in transforming the overall character and consumption pattern of country. India expected to have more

than 10,000 start ups by year 2020. The growth in start up is huge and continuous with the efforts of both government and private decision makers.

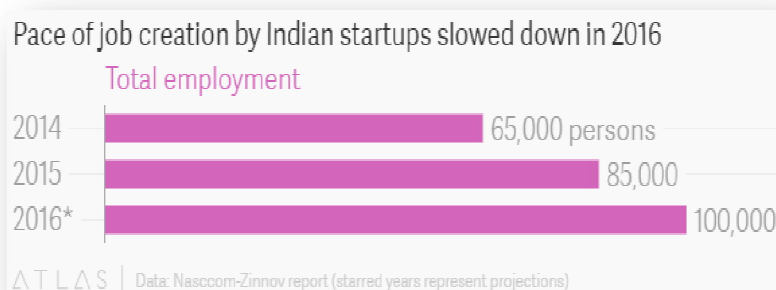
Image 1.3 India and Startup Ecosystem



Source- <https://qz.com/1033285/as-funding-and-deals-dry-up-in-indias-startup-ecosystem-quality-is-winning-over-quantity/>

As the graphical representation indicates the growth of start ups in India, as becoming best incubation, consultation, funding, motivation, constant coaching and encouragement destination by efforts of government and other involved stakeholders. Startups have been playing a vital role in writing the growth saga for India, by being very generous towards economic contribution and job creation. According to a latest report by FICCI “Indian start-ups have begun creating hundreds of high-quality jobs across sectors as they build new products and offer innovative services” various industry experts estimate that about 16,000 start-ups in the country are likely to have created more than 100,000 direct jobs and over 300,000 indirect ones since 2016. The report further states that the jobs rendered by the start ups in India are going to cross 3,000,00 in year 2020. It indicates the importance of start ups in economy as the job creator. Apart from that, the roles of startups have been in uplifting the overall status of living of country by providing qualitative services with international standards. Some of the India start ups have actually inspired a lot of similar start ups worldwide (Zomato, the restaurant aggregator has inspired similar startups worldwide). Universities, colleges, schools or even government departments have turned themselves into startup incubators (for example Wadhvani foundation’s promoted NEN) to further surface the possible startups ideas, which might make life of people a bit more easy and convenient while creating values to both society and economy alike.

Image 1.4 Jobs and Startups



Source-<https://qz.com/1033285/as-funding-and-deals-dry-up-in-indias-startup-ecosystem-quality-is-winning-over-quantity/>



*M. The further role of startups in India, which could be termed as groundbreaking/game changer is as follow-*

Job creator both direct and indirect is the most important role of startups in India, which is regarded as the game changer in an economy, which needs 10 million jobs per year.

- 1) Boosting the economy by providing the services/products with added services to customers,
- 2) Helping in preserving skills and artistic heritage of country by connecting cottage and handicraft industry with national and then with international market.
- 3) Competition is always better for customers as such startups increase the very nature of competition by providing the product and services, which might break the monopoly of a local provider (saving a lot of efforts, time in searching for taxi by OLA)
- 4) Inspiring young entrepreneurs for pursuing their dreams and never giving up, thus creating a society which is more entrepreneurial then just a consumer.

### **VIII. BARRIERS FACED BY STARTUPS IN INDIA/WHY STARTUPS FAIL**

Much to the surprise the report of FICCI underlines a very disturbing fact which is “90 percent of startupseither fail within the first two years of existence or realize the lack of a profitable business model” The reason is very easy, yet very hard to comprehend as startups have a very fragile ecosystem. Any change whether sudden or time bound has the bearing on the successful existence of startups in countries like India particularly as here conditions are very unpredictable and priorities are predefined. Various reports have a different set up of barriers which are faced by startups in India, each report sees different problems and elements responsible for the utter failure of startups and accordingly they offer different and diversified solution as well. But even deepest research and extensive business administration experience could not restrict the risk of startups getting shut down. Government needs startups for their exclusive role to play in economic development of nation. But even startups struggle as any other business units. Their barriers are slightly different then the general business units. Some of the barriers are as under-

- A. Lack of experience in running and managing a full-fledge firm of founder sometimes makes the way of startups a bit bumpy and end result may be closure of startups.
- B. Poor research or interpretation of outcomes of research has a very vital role in the success or failure of any great idea which is converted into startup.
- C. Poor planning and implementation of a great idea are a very common cause of startups failure/closure in India. There is no problem is not with the idea sometimes, but if the implementation is faulty than it might for sure become the reason for the closure.
- D. Lack of funds is the very common reason where startups have to struggle a lot.
- E. Poor or mismanagement of the startups often leads to failure of startups.
- F. Sometimes it is product related problem which leads to barriers or failure of startups in India. People in India are still very conventional, any product which is very advance and create disparity with past experiences has great chance to be failed.
- G. Business model failure is the main cause of startup closure and failure in India. As the founders do not have any prior experience of establishing any company, they are bound to make mistakes like selecting and working with a wrong business model where the expected returns do not render.
- H. No Professional consultation and assistance is available to founders or dreamers on time, who wants to establish their own start ups. It works as the great barriers in India.
- I. Poorly marketed services rendered by the start ups and founders often result in failure of startups.
- J. Casual team and a sincere team make the entire difference. Having a team of people who are not interconnected with the reasons or dreams and passion which the founder has, will certainly over a period of time reduce the productivity of the startup. This will further result in failure of startups due to lack of team work and team motivation.

### **IX. STEPS/SUGGESTION TO KICK START STARTUPS**

Just because something is very hard to get, does not mean that one should not put efforts to get it. The above reasons are very scary which play to sink the startups in India and it is a fact that startups are prone to failure. The reason for that is very simple, innovation either gets successes or face historical failure. There is nothing in between. There is no doubt in anybody's mind that, startups are subject to various challenges and barrier in India, but the environment is changing and government has started taking startups very sincerely and made their development government's priority. The recent introduction of Startup India Initiative is a great example of Indian government's determination towards creating India a startup hub of the world in 2020. For achieving those feet, government

of India along with other key stakeholder have to work on a very comprehensive and cumbersome planning. There are many dividends which can be reaped by founders of startups in India; like huge market and young, educated workforce. The suggestion to improve the startup scenario and making India the next mother country of startups are as follows-

- 1) It is good to have an "Idea" but must have a plan
- 2) Find a mentor or consultant who can guide you step by step in the journey of establishing as well running startup.
- 3) Proper management of resources and intellectual assets have to be made sure.
- 4) Be competitive with the existing as well future rivals.
- 5) Let the systems grow
- 6) Founders have to Constantly educated themselves towards the recent market trend and business management technique
- 7) Have a great team/band of people who share the same passion and patience as founders do
- 8) Funds and its management has to be taken care by someone who has the expertise in it.
- 9) Founders must undertake a proper and cumbersome market research related to their product and services to know the present and future as well past trends of market/buying behaviour.
- 10) Do not forget your core strength as you embark upon the journey of startup. The pattern of startups and their founders has shown a great link between their core interest/education/exposure of founders and their startups. For example if somebody has worked in an IT company or studied in IITs (As in India's case, maximum of founders are from IITs/IIMs), they are most likely to start their startup related to IT only.

## X. CONCLUSION AND FINDING OF THE STUDY

Startups have the long lasting impact on the economy and standards of living of any nation. Such efforts become more and more important when it comes to deal with dealing in developing economies like ours. In last decade, startups have grown very fast both in numbers and contribution wise in employment and in revenues. India housed third largest number of startups in the year 2016, which stood at 4600. According to studies, the number is set to rise in future. The very sincerity is evident from the funds and level of consultation is provisioned in Startup India scheme. The efforts made by other state government also showed positive results, as Bangalore and Delhi of India have emerged in the world as Startup Hubs. When it comes to startups, the potential is huge whether it is about the demand of talent. India is very rich in its totality, then the question emerges what is holding back India in realizing its full potential? The answer to this question is very surprising as the answer is the environment of India itself is responsible for such a poor growth in terms of startups in the country. The very culture of startups needs to be developed and sustained for the desired growth in startups and its contribution. More and more incubation and acceleration centres are needed to setup in the non urban/rural areas as well to attract the most innovative ideas from the furthest corners of the land. The findings of the study are discussed below-

- A. Without any hesitation, it is found that startups have been playing a very important role in India and this role is getting more and more prominent.
- B. Studies have shown that India enjoys a great environment for startups, as it stands at number three in the world.
- C. The pattern of startups and their founder has revealed that highly educated and talented young entrepreneurs are founding their passion in the form of startups. The number of such people, who do not want to work for other, but for them, is on the rise in India and it is one of the reasons to celebrate.
- D. Recently many of Indian startups have received huge funding from various professional and public companies (Both domestic and foreigners) which mean that, India startups are trusted worldwide. Particularly the tech startups have increased in India and their funding too, has increased.
- E. Most of the startups are working in the field of ecommerce and some of these startups are now has grown into huge corporation, which are into the direct competition with global leaders.
- F. The picture is not rosy only for startups in India. As startups are subject to various challenges and barriers for getting success. Challenges from lack of funds to government assistance/interference are existing.
- G. Keeping the importance and role of startup in mind, government of India is working very hard to create an environment as well culture of startups and entrepreneurial skill development. This environment is primarily responsible for creating confidence in the hearts and mind of young founders for venturing out with their startup.
- H. If the efforts of incubation centres and acceleration centres are realized fully, there is no doubt that India shall become the hub for the startups in the world. Thus officially becoming an entrepreneurial economy.

I. The study was based on certain objectives. After going through the entire study it can be said that all objective are fulfilled successfully.

J. Similarly, the hypotheses of the paper are also tested based on the argument and observation. The null hypotheses are rejected and alternative hypotheses are accepted which state-

H<sub>1</sub>- Start-ups are playing the role of game changer in India.

H<sub>1</sub>- India has a healthy environment for start-ups.

In conclusion it can be said that, in India startups are playing the role of game changer by their distinct contributions and India is providing conducive/apt environment for the growth and establishment of new startups.

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