



#Star



YOJANA APRIL 2023

# STARTUP INDIA



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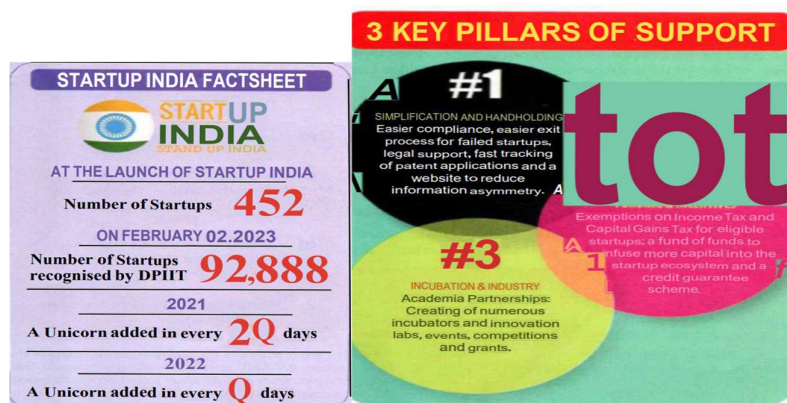
# Start-Up India

Yojana (April 2023)

## 1. OPPORTUNITIES FOR YOUTH IN THE STARTUP ECOSYSTEM

### Introduction

- Today the world is rapidly ageing, but India is still young and going to remain youngest until 2047. Out of 1.4 billion human resources, about a billion Indians are under the age of 35 years. Our Average is 29
- To ensure that India **fully reaps the benefit of its demographic dividend**, the Government of India is planning & executing policy meticulously. **Startup India** has been decisive & phenomenal among the series of interventions by the Government of India for making India's youth the best in the world.
  - **Launched on the 16 January 2016** as a clarion call to the innovators, entrepreneurs, & thinkers of the nation to lead from the front in driving India's sustainable economic growth and creating large-scale employment opportunities.



### NEW INDIA: OPPORTUNITIES FOR YOUTH

- The Government of India has been able to bring capital investment as well as the best innovative practices from around the world to India. Out of the \$950 billion in FDI received since independence, **\$532 billion came in the last 8 years or so**.
- With the initiatives like **Digital India, broadband connectivity in villages** drove the growth of the startup ecosystem, especially in remote parts of the nation. **'MAARG' portal** is helping innovators and startups from remote areas to get access to crucial opportunities and funding ecosystems.

### STARTUPS CATERING TO MARKET DEMANDS

- **By 2047, 20 percent of the world's middle class** will be in India. It means that in the next 25 years, there will be an entirely new Urban population that will need A to Z of things including housing, infrastructure, food, education, water, health, entertainment, social security, etc. **Young entrepreneurs** have a myriad of sectors to innovate in and positively disrupt the market.

## SCOPE IN KNOWLEDGE-BASED DIGITAL ECONOMY

- In the **Union Budget 2023-24**, the finance minister talked of making India a knowledge-based digital economy. Under the **Pradhan Mantri Kaushal Vikas Yojana**, skilling and training will be given for artificial intelligence, coding, 3D printing, and the Internet of Things.
- A total of **30 Skill India International Centres**, **3 Centres of Excellence for Artificial Intelligence**, and **100 labs for the development of 5G applications** will be opened in the country.
- To facilitate the use of data arising from Indian digitization, the Government is soon going to introduce the **National Data Governance Policy**.

## INNOVATORS IN FUTURISTIC TECHNOLOGY

- According to a **NASSCOM report**, the IT industry posted a 15.5 percent YoY growth for FY22. It further added that the tech sector revenue surpassed USD 200 billion.
- We are witnessing increased demand and development in various tech sub-sectors such as **AI, blockchain, XaaS, platformisation, cloud computing, cybersecurity, hyper-scale computing, IoT, machine learning, and supply chain** which can be leveraged by startups.

## NATIONAL LOGISTICS POLICY: A BOON FOR STARTUPS

- The policy aims to **lower the cost of logistics** from the **existing 13%-14% range** and bring it on par with other developed countries. The NLP's transformational capacities further increase when combined with previous connectivity and infrastructure improvement schemes like **Gati Shakti, Sagarmala, and Bharatmala**.

## DEFENCE & SPACE SECTOR

- The country, which was the biggest defence importer for decades, is today exporting defence equipment to 75 countries around the world. The country's defence exports have **increased 6 times in the last 5 years**. The government launched the **Innovations for Defence Excellence (iDEX) framework** with the goal of encouraging innovation and technology development in the **Defence and Aerospace sectors**.

## AGRICULTURE STARTUPS

- The Agricultural Budget which was less than Rs. 25,000 crores in 2014 have been increased to more than **Rs. 1,25,000 crores today**. The introduction of accelerator funds for agri-tech startups is not only creating digital infrastructure but also preparing funding avenues.

## Conclusion

- The innovative youth must be commended for raising the flag of India. It is because of them alone that India's startup ecosystem is creating waves in the world today.

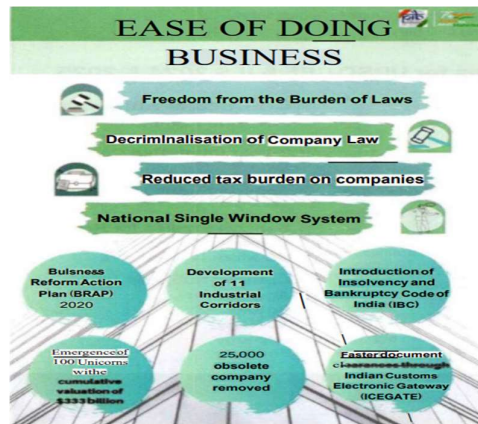
## 2. STARTUP INDIA ACTION PLAN: FOUNDATION OF INDIAN STARTUP ECOSYSTEM

### Introduction

- From about **500 startups in 2016 to over 92,000 recognised startups** in February 2023, India's startup ecosystem growth story has become a globally renowned case of structured development and evolution of an ecosystem and community.
- The complex opportunity of the Indian startup ecosystem lies in the standard lifecycle of a startup: **ideation, validation, early traction and scaling**. Each of these stages has a different set of stakeholders or beneficiaries.

### Executing the Startup India initiative

- To execute the Startup India initiative on a mission mode, the **Department for Promotion of Industry and Internal Trade (DPIIT)** adopted a multi-fold strategy spanning from institutionalising the 'right' team, introducing reforms for ease of doing business, activating a completely digital policy and scheme implementation regime, and most importantly, paced turnaround times for every action.
- Understanding the **visionary and dynamic nature of the initiative** and demography of the beneficiaries, the DPIIT institutionalised Startup India Hub ('the Hub'), a one-stop online portal, to execute the Action Plans. The Hub functions in a hub-and-spoke model and enables an **end-to-end digital programme execution regime**.
- To address the funding needs of the startup ecosystem, the DPIIT is implementing the **Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS), and Credit Guarantee Scheme for Startups (CGSS)** as envisaged in Startup India Action Plan.
- To identify the **depth, quality and spread of innovation**, inclusivity and diversity, and entrepreneurship in the country, the DPIIT launched the **National Startup Awards (NSA)**.
- Under our Startup India initiative, we have adopted this approach by the way of introducing the National Startup Advisory Council (NSAC), **chaired** by the **Hon'ble Minister of Commerce and Industry**.
  - Programmes such as **MAARG National Mentorship Program, Incubator Capacity Development Program, Startup India Investor Connect portal, Adoption of NavIC Grand Challenge, Startup Champions 2.0**, etc. are all ideated and incubated by this Council.
- The institutionalization of the **Startup20 Engagement Group** within G20 provides us with another opportunity to lead from the front, unite the world to support the entrepreneurship ecosystem, and take our startups to a global stage.



## Conclusion

- The growth during this period will be driven **by knowledge, innovation, and sustainability**. The startup ecosystem is evolving rapidly, driving the **country's growth phase** through the digital transformation of sections of the economy encouraging private investment, transition to clean energy, and **providing innovative solutions**.
- The **collaborative efforts of the ecosystem** will play a paramount role in further developing an enabling and inviting ecosystem which empowers Indian thinkers and innovators in their **journey from being job seekers to job creators**.

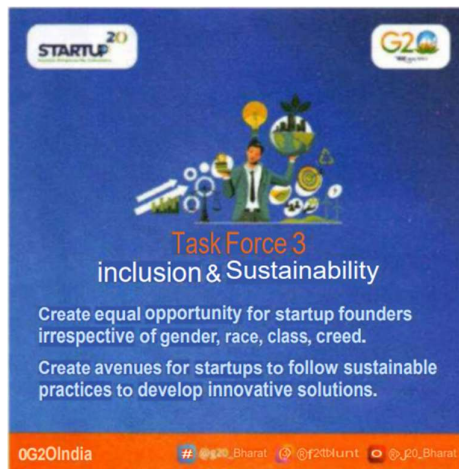
## 3. A NEW DAWN FOR THE GLOBAL STARTUP ECOSYSTEM UNDER INDIA'S G20 PRESIDENCY

### Introduction

- With India's G20 presidency, the global startup ecosystem is on the cusp of a new dawn as the Global Twenty has agreed to India's proposal to create the **Startup20 Engagement Group**. It must be acknowledged that this is not the first-time startups are on the G20 agenda.
- What makes this year unique is that startups have never had their own engagement group that will carry their voice to the Global Twenty heads of state in the form of an official policy Communique.

### Goals of Startup20

- The **overarching goal of Startup20** is to propose a policy framework that **achieves two objectives simultaneously**:
  - harmonisation of global startup ecosystems to facilitate their collaboration, and
  - doing so without compromising the national ecosystems 'freedom to grow in whatever way they see fit.
- To accomplish its goals, Startup20 has formed **three Task Forces** that focus on critical areas vital to the development of a thriving startup ecosystem. **Foundation and Alliances, Finance, and Inclusion and Sustainability** are among the Task Forces.



## Startup 20x

- In addition to welcoming the G20 economies to Startup20, the unique, bottom-up, and generative platform, **Startup20x was launched.**
- Startup20x is **designed to harness such bottom-up voices** and, in addition to the expert-led forum that the Task Forces will provide, inform global startup policy. It will achieve this goal by **inviting startup ecosystems** around the world to co-brand and share their content on a global scale. To **distribute the content, the platform** has partnered with several channels.

## Conclusion

- Through global cooperation, Startup20 aspires to be in a position where it has the capacity to **advocate for regulatory reforms** at the international level, encouraging member countries to make it easier for startups to do business, and startups **to attract talent, capital, and opportunities across global economies.**

## 4. AGRI-STARTUPS: CHALLENGES AND OPPORTUNITIES

### Introduction

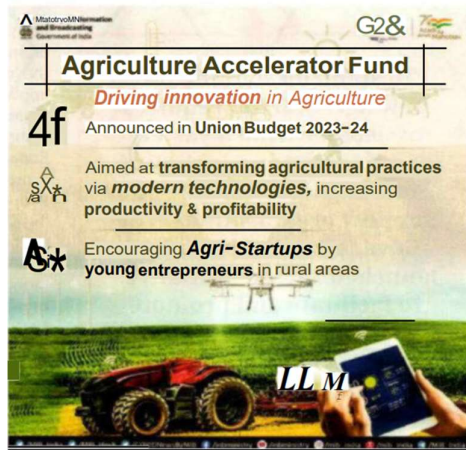
- Agri-startups are poised to play a critical role in making India a knowledge-based and technology-driven economy. Agri-startups strive to **provide solutions through innovations, technology interventions, or business models specific** to the need of farmers mostly on a real-time basis.
- As a result of the Government of India's ongoing efforts, our country now has **3,000 agri-startups operating** in various agricultural fields and allied sectors.

### Modes and Models

- In January 2016, the Government of India unveiled a 19-point 'Startup India Action Plan, ' which resulted in the implementation of several policy/ promotion initiatives aimed at creating a robust ecosystem for nurturing startups and innovations. This resulted in a massive increase in the creation of startups across almost every industry, including agriculture. In terms of geographical distribution, nearly 60% of agri-startups are based primarily in Tier I and II cities in a few states.
  - These **startups provide solutions to farmers** by utilizing various types of innovations and technologies. They create products and/or services to improve efficiency at various stages of the value chain, such as infrastructure farm automation, precision agriculture, input delivery, advisory market linkages, and so on. More of these **Agri-startups** are **utilizing cutting-edge technologies** to improve the efficiency of agriculture and Agri-industry.

### Policies and Promotions

- The Agri-Business Incubator (ABIs) Centres were established in various parts of the country, primarily in R&D institutions, in 2015-16. ABIs identify and mobilize emerging entrepreneurs, facilitating their growth through a variety of services including shared facilities (workspaces, infrastructure, etc.) and equipment, business development, technology, finance, mentoring, and networking.
- In **2019-20, the Department of Agriculture, Cooperation, and Farmers Welfare** has added a new component called the 'Innovation and Agri-Entrepreneurship Department' to its flagship scheme, the '**Rashtriya Krishi Vikas Yojana**' (RKVY-RAFTAAR). Under this programme, a selected startup is eligible for a maximum financial assistance of Rs. 5 lakhs at the idea/ pre-seed stage and a maximum financial assistance of Rs. 25 lakhs at the seed stage.



- To further support and promote agri-startups, the Ministry of Agriculture and Farmers Welfare hosts an annual event called '**Agri-Hackathon**,' where Agri-startups can provide viable and innovative solutions to **identified challenges and problems**.
- As the **apex body of agricultural R&D, ICAR** has taken the lead by establishing **50 Agri-Business incubators** in institutes across the country.

### Intentions and Investments

- To promote millet consumption, the Government is assisting startup entrepreneurs with recipes and value-added products. **More than 66 startups** have been given **more than Rs.6.25 crore**, while **25 startups** have been approved for additional funding.
- Engagement of **Agri-tech startups** and companies in public-private partnerships was announced for the **Union Budget 2022-23** to deliver the **latest technology education to farmers and aid in implementation**. The **National Academy of Agriculture Sciences in New Delhi** has recommended that each research and education organization establish a Business Incubation Center to **promote agripreneurship**.

### Conclusion

- Agri-startups shall play a critical role in making India a **knowledge-based and technology-driven economy**. With the advent of the modern era, agriculture can **no longer afford to remain in the throes of the past**. Due to a very unique agricultural ecosystem, there are **vast potential and ample opportunities** for the development of Agri-startups.

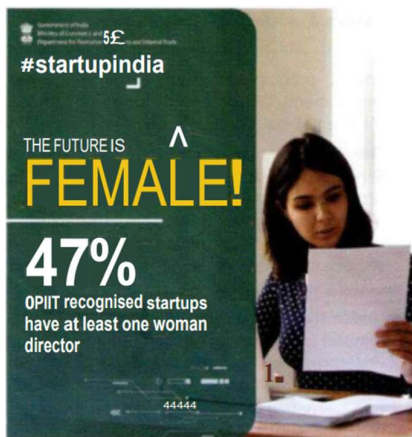
## 5. WOMEN ENTREPRENEURSHIP IN MSME SECTOR

### Introduction

- According to the Registrar General of India, the **work participation rate for women** stands at **25 percent** which is one of the lowest in the world. **Frequent reports** indicate a lack of safe and quality childcare support a major contributing reason for this decline.



- In addition to this there is a lack of infrastructural facilities for women at workplaces e.g., proper creche facilities and their maintenance with decent infrastructure and other resources needed for the same.



### Issues faced by women entrepreneurs and Government initiatives

- A 2022 report on the '**Opportunities and Constraints of women-owned very small enterprises in India**' brought out by the International Finance Corporation (IFC) has identified lack of access to credit as an important constraint being faced by women entrepreneurs. To address these gaps, the Government of India implements many schemes for women entrepreneurs.
- Women-owned micro enterprises account for **approximately 18.67% of the total MSMEs registered on Udyam Registration Portal**, over the last three years. Similarly, the share of women employed by the MSMEs registered on the Udyam portal, in around two and a half years is **23.59% out of the total employment by the MSME registered** units during this period. The Ministry of MSME is continuously making efforts to encourage women empowerment through various interventions
  - The **Public Procurement Policy for Micro and Small Entrepreneurs Order, 2012** (as amended in 2018), mandates that 3% of the total The Public Procurement Policy for Micro and Small Entrepreneurs Order, 2012 (as amended in 2018), mandates that 3% of the total annual procurement by Central Ministries/ Departments/CPSEs shall be from women-led Micro and Small Enterprises (MSEs).
  - The Ministry has launched the **National Schedule Caste Schedule Tribe Hub**, to promote inclusivity and entrepreneurship.
  - Under the **Ministry's Flagship scheme- Prime Minister's Employment Generation Programme**, since inception in 2008, 2.59 lakh women entrepreneurs out of a total 8.37 lakh entrepreneurs have been provided credit support with the subsidy for setting up new micro-enterprises, thereby generating employment opportunities, primarily in rural areas.
  - **Khadi and Village Industries Commission (KVIC)** has engaged 3.99 lakh women artisans (80%) out of a total of 4.97 lakh artisans in the country, under its Khadi Programme.

- **Initiatives for women led enterprises:** Under the Credit Guarantee Scheme Fund Trust for Micro & Small Enterprises (CGTMSE), to support Women Entrepreneurs, with effect from 1 December 2022, the concession of 10% in guarantee fee (over the normal rate) and enhanced guarantee coverage of 85% (against 75% in other cases) has been introduced in respect of **loans given to women entrepreneurs**.
- In the **coastal states of the country, the Coir Board**, under different schemes, imparts training to women workers on **manufacturing of quality coir products**, thereby **creating employment opportunities**.

## Conclusion

- Apart from the above, **Schemes of other Ministries, like Pradhan Mantri Mudra Yojana (PMMY) and Stand-Up India**, etc., help women set up their own enterprises. The Pradhan Mantri Kaushal Vikas Yojana provides opportunities for training and capacity building of prospective/**existing women entrepreneurs**.

## 6. OPPORTUNITIES FOR MSMEs IN 'AMRIT KAAL'

### Introduction

- With the Government's focus on economic revival and growth, the MSMEs are expected to play a crucial role in driving growth and creating employment opportunities. Also the MSMEs can leverage the Amrit Kaal by exploring new markets, embracing new technologies, and supporting key sectors such as healthcare and renewable energy.

### Scope and potential in Amrit Kaal

- **Digital Transformation:** The Covid-19 pandemic has accelerated the adoption of digital technologies across industries, and **the MSMEs** in India need to embrace this change to remain competitive.
- **Export Opportunities:** The Government of India has launched several schemes, such as the Export Promotion Capital Goods (EPCG) scheme and the Merchandise Exports from India Scheme (MEIS), to support the **MSMEs in exporting their products and services**.
- **Infrastructure Development:** The Government of India has announced several initiatives, such as the National Infrastructure Pipeline and the Atma-nirbhar Bharat Abhiyan, to boost infrastructure development in the country.
- **Healthcare Sector:** The Covid-19 pandemic has highlighted the **importance of the healthcare sector**, and the MSMEs in India can leverage this opportunity by providing goods and services to support the healthcare industry.
- **Green Energy:** The MSMEs can play a **significant role in this sector by providing goods** and services to support the **renewable energy industry**.

- With an **increasing focus on environmental sustainability**, the MSMEs that offer eco-friendly products and services can tap into a rapidly growing market.
- Finally, the MSMEs can benefit from increased availability of funding and support from various sources such as banks, **venture capitalist and government schemes**.

### **Role of MSMEs in the Indian Economy**

- MSMEs account for over **45% of India's total manufacturing output and employ around 110 million people**. They also contribute to the development of rural areas by providing employment opportunities and helping in the decentralization of Industries.
- The **sector accounts for 40% of India's total exports** and is critical to promoting the country's trade relations with other countries. They are also essential in **promoting entrepreneurship and innovation** in the economy.

### **Government initiatives for the sector**

- **Funding Support:** These include the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), the Prime Minister's Employment Generation Programme (PMEGP), and the Micro and Small Enterprises Cluster Development Programme (MSE-CDP).
- **Technology Upgradation:** One such initiative is the **Technology Upgradation Fund Scheme (TUFS)**, which provides funding support for technology upgradation and modernization of the MSMEs.
- **Skill Development:** The **National Skill Development Corporation (NSDC) and the Skill India Mission** are two initiatives aimed at providing training and skill development to the MSME workforce.
- **Market Access:** The **National Small Industries Corporation (NSIC)**, which assists MSMEs with marketing, and the **Public Procurement Policy for Micro and Small Enterprises (MSEs)**, which provides a **25% reservation** for MSEs in government procurement, are two examples.
- **Regulatory Support:** These include the **Udyog Aadhaar registration process**, which simplifies the registration process for the MSMEs, and the MSME Facilitation Council, which provides a platform for the MSMEs to resolve their grievances related to regulatory compliance.

### **MSMEs and Defence Manufacturing**

Some of the opportunities for MSMEs in defence manufacturing include:

- **Offset Policy:** Under the Offset Policy, foreign firms that win defence contracts in India, must invest a certain percentage of the contract value in India's defence manufacturing sector.
- **Defence Procurement Procedure:** It encourages the participation of the MSMEs in defence manufacturing by providing them with preference in procurement, setting aside certain categories of products for the MSMEs, and relaxing the eligibility criteria for participation in tenders.

- **Innovation for Defence Excellence:** The iDEX initiative promotes innovation and indigenization in the defence manufacturing by providing funding support, mentorship, and incubation facilities to MSMEs and startups working in the defence sector.
- **Defence Investor Cell:** It is a dedicated cell under the Department of Defence Production that assists and supports the MSMEs interested in making investments in defence manufacturing sector.
- **Defence Industrial Corridors:** The MSMEs can take advantage of these clusters to access infrastructure, technology, and market linkages.

### **FDI Advantages for Indian MSMEs**

- Access to Capital
- Technology Transfer
- Market Access
- Management Expertise
- Brand Building
- Employment Generation

### **Conclusion**

- In conclusion, there are several alternate finance opportunities available to the **Indian MSMEs, including NBFCs, P2P lending, trade credit, angel investors and venture capitalists, crowdfunding, and government schemes.** These companies should explore these options to access finance and fund their growth and expansion plans.

## **7. STARTUPS REACHING THE LAST MILE**

### **Introduction**

- **Entrepreneurship and innovation** are essential drivers of economic growth and development. India, like many other countries, has recognized the importance of promoting entrepreneurship and innovation.
- The funding support and incentives component provides various **incentives for startups, including tax benefits, patent registration, and funding support.**

### **Impact on the Economy**

- According to a report by the **National Association of Software and Services Companies (NASSCOM)**, the Indian startup ecosystem is expected to **create over 500,000 new**

**jobs by 2025.** The initiative has also attracted significant foreign investment, with the total funding raised by Indian startups increasing from \$3.9 billion in 2014 to \$14.5 billion in 2019.

- According to the **Global Innovation Index**, India's rank in innovation has **improved from 81st in 2015 to 48th in 2021.**

### Challenges and Limitations

- One of the main challenges is the **lack of access to funding for startups**, particularly for early-stage startups
- Another **challenge is the lack of skilled manpower in the startup ecosystem.** Another challenge is the lack of skilled manpower in the startup ecosystem. Many startups struggle to find skilled employees.
- Although technology startups have **attracted significant funding and attention**, other sectors, such as healthcare, agriculture, and education still have untapped potential.



### Comparisons of Startup Ecosystems

- The startup ecosystems of the **USA, Japan, and India** share several similarities and differences. The **USA** has a well-established and mature startup ecosystem, with a significant focus on technology and innovation. **Japan**, on the other hand, has a more traditional business environment, with a focus on large corporations.
- Compared to the USA and Japan, the **Indian Startup Ecosystem** is relatively young and still evolving. However, the country has made significant progress in

recent years, with the launch of the Startup India initiative and other initiatives aimed at promoting entrepreneurship and innovation.

- The Startup India initiative has provided various incentives and **support to entrepreneurs**, including those from marginalised communities. The initiative has also encouraged the growth of startups in sectors such as **agriculture, healthcare, and education**, which have the potential to benefit marginalised communities.

### Limitations of Initiatives

- Despite these efforts, the impact of the Startup India initiative on the development of marginalised communities in India has been limited. According to a **report by Oxfam India**, only **17% of startups in India** are founded by **women**, and **less than 1% are founded by people with disabilities**.

### Conclusion

- The Indian startup ecosystem is characterised by a young and vibrant workforce, with a significant focus on technology and digitalisation. The Government's focus on promoting innovation through initiatives such as the **Atal Innovation Mission and the Smart Cities Mission is also creating opportunities for startups**.

## 8. ANTYODAYA AND MASS MEDIA

### Introduction: Philosophy of ANTYODYA

- The late Pt. Deendayal Upadhyaya, the **founding father of the Antyodaya philosophy**, had propounded the concept decades ago that the welfare of the poorest of the poor should be paramount in policy-making. He said that the **policymakers in the Government**, while making any plan or policy, must consider **how they benefit the last person in the society**.

### Media: Promoter of Antyodaya

- The last few centuries have witnessed the media often becoming the **might of the common person all over the world**. Media has that power, which can make any person, organisation, community, and society prosperous and **powerful politically, economically, and culturally**.
- Today's era, is the era of the information revolution. It has increased the media's strength as well as pace. We have fathomed this new power that we acquired, due to the transformation in technology and technological development.
- If the **concept of Antyodaya is to be realised in a true sense**, then we have to substantially change our outlook and methods. Instead of market-we have to adopt **people-oriented thinking**.
- As **responsible media**, we must return to our roots and focus on giving correct information and education instead of sensationalism.

## **The Change Media Can Bring**

- By becoming the **medium of accurate and factual information**, media can help people to get correct and informative content.
- The media is also **responsible for protecting the interests of different sections of society**. As a guide and leader of society, if it ever felt the need to become an arbitrator, it should not hesitate to do so.
- **Maintaining balance and harmony** among different sections of society is also another important responsibility of the media. It should pay more attention to presenting positive and inspiring content, so that people develop positive thinking to live together in harmony and help each other.
- As a **common person's representative**, the media can advise the Government in formulating public-friendly policies by conveying the public views, needs and issues to the Government. At the same time, the **media can make the public aware of the proposed schemes** and programs of the Government.

## **Adoption of the Antyodaya concept by the Government**

- A new scheme called **Deendayal Antyodaya Yojana**, was launched on 25 September 2014, with the objective of reducing urban and rural poverty, by increasing the livelihood opportunities through skill development and other measures. The Deendayal Upadhyaya Antyodaya Yojana, launched by the Government, is an amalgamation of the **National Urban Livelihoods Mission (NULM)** and the **National Rural Livelihoods Mission (NRLM)**. This **ambitious plan has two components**.
- The **first component is the Deendayal Antyodaya Yojana (DAY)**, which the Ministry of Housing and Urban Poverty Alleviation implements. The second component is **the Deen Dayal Upadhyaya Grameen Kaushalya Yojana**, which the **Ministry of Rural Development administers**.

## **Provisions and Impact of Antyodaya Yojana**

- In this, accountability of government functionaries has been fixed, and **community self-reliance, individual self-reliance, self-help, and cooperation** have been promoted. At the core of the DAY-NULM is the belief that **poor people are hardworking and enterprising**, and want to **come out of deprivation and poverty** on their own.
- NULM is working towards providing skill training, employment to the urban homeless, and assistance in shelter management with the participation of the private sector.