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## RESEARCH ARTICLE

### STARTUPS- THE NEED OF THE HOUR FOR A PROGRESSIVE FUTURE

<sup>1,\*</sup>Dr. Kannan, V., <sup>2</sup>Karthikeyan, S. and <sup>3</sup>Ranjitha, C.

<sup>1</sup>Assistant professor, St. Joseph's Institute of Management (JIM), St. Joseph's College (Autonomous), Tiruchirappali-620002

<sup>2</sup>Assistant Professor, St. Joseph's Institute of Management (JIM), St. Joseph's College (Autonomous), Tiruchirappali-620002

<sup>3</sup>Research Assistant, ICSSR Minor Research Project, St. Joseph's Institute of Management (JIM), St. Joseph's College (Autonomous), Tiruchirappali-620002

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#### ABSTRACT

My 2020 Vision for India is to transform it into a developed nation. That cannot be abstract; it is a lifeline" said Dr. A. P. J. Abdul Kalam. The vision was not accomplished. We are still in the developing stage only. The future of India lies in innovation and creativity. Innovations are essential for the development of a nation and for that startups are important. India is one of the fastest growing largest economies in the world. Therefore, the Indian market is perceived as being competent of offering plenty of opportunities for startups. To encourage innovation and to promote entrepreneurship in India Prime Minister Narendra Modi has launched Startup India Initiative in 2015. The fund allocated for Startups by the government was enormous. Startup India initiative aims at strengthening entrepreneurship and promoting innovation by creating an ecosystem that is helpful for the growth of entrepreneurs. People must come forward to become job creators rather than job seekers. NASSCOM report of 2019 stated that 3, 90,000 to 4, 30,000 jobs have been generated through startups. India is today experiencing a fundamental shift with entrepreneurship & innovation being primary promoters in job creation and solving everyday problems. Employment problem have also been reduced due to this Startups. This paper aims to emphasize the importance of startups as the need of the hour for a progressive future. Based on the financial data provided in this paper, economic growth will be developed because of startups. So startups can change the economy growth into higher.

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#### INTRODUCTION

The term startup is defined as an entity working towards innovation, development, deployment and commercialization of new products, processes, or services driven by technology or intellectual property. A start-up is basically an idea or a thought that might knock anyone, anytime and anywhere and it is making a revolution from that idea. It is essential to identify the needs of the society and also to satisfy that needs for the society through innovation and technology and this prompts the birth of start-ups. People mind set can be changed from job seekers to job creator using this startups. The population of India is very high, so government alone can't give employment opportunities for all. For that problem startup is the best solution. The main elements of startups are new business, Innovation, Technology and Passion.

Innovation is a key role of startups. Young generations of India are more innovative so they can use their knowledge for finding out a best solution of everyday's problem. Technology are now plays a major role in all fields. Finding a new business with innovation and technology is called as startups.

#### EXAMPLES OF STARTUP

Startups are creating disruptions. Disruption in Taxi services, books, grocery, hotel services, shopping, eating places, media and so-on.

**Disruption in Taxi services** – Ola and Uber were introduced. The fare asking by the cab drivers are more and in night fares were doubled. For that problem, Bhavish Aggarwal introduced Ola. Ola has fixed fare for certain kilometers. It is the best solution for all Taxi problems. This is the cause for disruption in Taxi services.

\*Corresponding author: Dr. Kannan, V.,

<sup>1</sup> Assistant professor, St. Joseph's Institute of Management (JIM), St. Joseph's College (Autonomous), Tiruchirappali-620002.

**Disruption in Books**– E-books were introduced. The number of books purchasing was reduced because of ebooks. The usage of amazon kindle was enormous. This is the cause for disruption in books.

**Disruption in Grocery Shop**–Now-a-days all the women are working. So they don't have enough time for buying groceries. The best solution for this problem is Online shopping for grocery. Big basket, Grofers and Amazon grocery are the examples for online shopping. This is the cause for disruption in grocery.

**Disruption in Hotel rooms**–As Oyo booms some Indian hotels were cry foul and check out. Oyo rooms were neat and clean and also have wifi connection, breakfast etc. So the people booked their rooms through Oyo. This is the cause for disruption in Hotel rooms.

**Disruption in Shopping** - Now-a-days all the women are working. So they don't have enough time to go for shopping. Many online shopping websites were introduced. Some of them are Amazon, Flipkart, Snapdeal, Meesho, Club factory etc. So working people can make use of these online shopping sites for their purchase. This is the cause for disruption in shopping.

**Disruption in Eating places**–People are busy in their work. They don't have enough time for cooking. Swiggy, Zomato, Uber eats are the best solution for this problem. Food can deliver at correct time and also to our doorsteps. This is the cause for disruption in eating places.

**Disruption in Media** – Whatsapp, Facebook, Instagram, Twitter, Youtube, Viber etc are the best examples of social media. This is the cause for disruption in eating places.

### Difference between entrepreneurship and startups

Startup refers to new businesses that intend to grow large beyond the solo founder whereas entrepreneurship refers to all new businesses that include self employment and businesses that never intend to grow big. Entrepreneurship refers to all business ventures, new or old whereas startup refers to newly emerged business venture. Entrepreneurship includes sole-proprietorship, small businesses, partnerships, firms, and corporations. Entrepreneurship can be based on an existing idea or on a new idea whereas startups are solving market's problems with unique ideas. Startups face high uncertainty and have high rates of failure whereas entrepreneurship was not.

### Types of startups

Steve Blank can categorize startups into six types. They are as follows,

**Lifestyle startups:** This type of startup mainly based on personal passion. They live the life they love. They did not work for anyone but for themselves. Small business startups: More number of startups is in this category only. It consists of grocery stores, travel agents, electricians, carpenters, consultants, hair dressers, etc. The one who runs their own business are come under this category.

**Scalable startups:** Facebook, Google, Twitter and Skype are the latest examples for these types of startups. The founders of these believe that their vision can change the world. The best and brightest person only they will hire. It requires risk capital to fund their search for a business model and to attract investment from investors and venture capitalists. Their goal is to make the world better not to take market share or to create wealth.

**Buyable startups:** These startups can use crowd or angel funding for their business. This type of startup can sold to a larger company for a certain amount. The founders of this startup can walk away with millions but not billions. Large company startups: This startup can have finite life cycles. Those cycles have grown shorter. It can deal with ever increasing external threats by continually innovating. Their motto was to innovate or to die. Android is the best example. It can force large companies to innovate products for new customers in the new market.

**Social startups:** Social startups are passionate and driven to make an impact in the society. It can be defined as the company which started by socially ambitious and passionate entrepreneurs driven to make a difference in the world. These startups can be organized for profit or non profit or hybrid.

### Types of entrepreneurship

**Administrative Entrepreneurship:** This type of entrepreneurship can handle prevailing or future situations in a more effective way that provides advantages. It makes the firm successful and sustainable in the competitive environment. Some of the examples of administrative entrepreneurship are TQM Total Quality Management, new techniques of doing things in a different way, job redesigning and participative management.

**Opportunistic Entrepreneurship:** Grab the opportunity and use it as a unique business is called opportunistic entrepreneurship. The best example is environment change. It can offer many opportunities. The one who identify exploits and executes the opportunity can come under this category.

**Acquisitive Entrepreneurship:** Acquisitive Entrepreneurship can learn from other competencies. This type can keep entrepreneurship sustainable in a competitive environment. They never bother about failure. They often motivate them to discover new.

**Incubative Entrepreneurship:** It can nurture new ideas and ventures within the organization. It can also execute them for the gain of the organization. Microsoft and Nokia are the examples because they incubate new varieties of product and create product differentiation in the market.

**Imitative Entrepreneurship:** It can imitate a good operating business in the market under a franchise agreement. With minor modifications, imitative entrepreneurship can adopt existing technology appropriate to the local conditions.

**Private Entrepreneurship:** This type of entrepreneurship initiated under the private sector. The government can give support services through private and public that encourage private initiative in taking entrepreneurial ventures.

**Public Entrepreneurship:** This type of entrepreneurship can undertake by the government through various development agencies.

**Individual Entrepreneurship:** Individual entrepreneurship that can undertake by an individual or a family with the personal initiative.

**Mass Entrepreneurship:** It can emerge in an economy where encouragement and motivation exists for developing a wide range. Mass entrepreneurship has increased the small and medium enterprises in a country.

### Characteristics of Startups

**Innovation:** Startups are involved with innovation. A new idea with use of technology to create something that addresses a problem is called startups. To differentiate from the other companies' innovation is one of the ways. Search engines are the best example.

**Culture:** Culture plays a major role in the startup. It can identify that culture gets harder with every new employee and every year.

**Technology:** Startups can use technology for solving day to day life problems. Public access the technology more so that the growth of the startups is also increases.

**Growth:** Startups are businesses that focus on growth. It can have high burn rates and hire employees to facilitate growth. Startups need to grow quickly.

**Resources:** Economic resources play a major role in startups. Next main thing is financial resources. Human and physical resources are extremely limited.

### Characteristics of entrepreneurship

**Decision making:** From multiple of alternatives one should choose the best alternative that action is called decision. Risk and uncertainty plays major role in entrepreneurship, so decision making is important to entrepreneurs to run their enterprise successfully. **Accepting challenges:** Entrepreneurship has characteristics such as accepting challenges, risk and uncertainty. The entrepreneur should accept the challenges of all difference and puts his efforts to convert the difference into viable business opportunities. **Risk taking:** Risk taking or risk bearing implies assuming the responsibility for loss. It may also occur due to unexpected occurrence of the future. **Building organization:** Entrepreneurship will necessitate the initiative and skills on building organization. This is the most critical skill needed for entrepreneurship as it facilitates the economic use of other innovations.

**Skillful management:** The most important characteristic feature of entrepreneurship is managerial skills. Planning, decision making, problem solving etc are the basic managerial skills.

**Innovation:** Doing things in a new and better way is known as innovation. In entrepreneurship, innovation plays a major role. David McClelland identified innovation is one of the important characteristics of entrepreneurship.

**Mobilization of resources:** Resources are the basic help needed to carry out business. Entrepreneurs make themselves unique from the rest of population because of their natural capability of utilization of resources. Utilization of resources is one of the parts of achieving goal in entrepreneurship.

### IMPORTANCE

**Job opportunities to the Indian youths**—Job opportunities are more for the Indian youngsters. Thus the rate of unemployment is also decreases in our nation. So employment creation is one of the main advantages of startups.

**Economic growth**—Gross domestic Products (GDP) plays an important role in enhancing the economic growth of a country. If the employment opportunities have increase then automatically economic growth will increase. This will lead a progressive future of India. Startups can also contribute to economic dynamism by spurring innovation and injecting competition.

**Solving everyday problems**—The key value of startup is to solve the existing problem using technology and innovation. Innovative entrepreneurs can solve everyday problems and create a viable business by solving local problems.

**Increase of exports**— Through startups the export should increase more. If exports increase then automatically job opportunities are also increase. It can also boost manufacturing and earn more foreign exchange.

### LITERATURE REVIEW

Aidin Salamzdeh, (2015) says about the challenges faced by the startups. Many startups failed because of the environmental elements. So this is one of the main challenges faced by the startups. Environmental elements such as the existing trends, limitations in the market, legal issues, etc are the challenges. The environment for a startup is even more difficult and critical than for an established firm. Deepashree Chatterjee, (2020) says about the other challenges faced by the startups and government initiatives such as Startup India. The startup India programme was initiated by our Prime Minister Narendra Modi with the optimism to nurture job creators rather than job seekers. It can reduce the problem of employment because it can create job opportunities. NASSCOM report of October 2015 stated that 80,000 jobs have been generated through startups. The policies of government, laws, regulations play a major role in creating an environment for the development of entrepreneurial ecosystem is one of the major challenges.

### Challenges

**Insufficient information on marketing strategies**—There was lacking information in marketing strategies. Many businessmen don't have enough knowledge in marketing. They don't know how to promote their product to the customers. This was the main reason for failure of their business.

**Financing**—Financing is the major challenges which were faced by the Businessmen. Many are feared to come for business because of this problem.

Now-a-days many fund providers came into existence. By using that fund providers like angel investors we can overcome this challenge in the startups.

**Mentoring** - For a startup, it is very important to have mentors who have been through a similar process of business or have business experience. Formal mechanism was not introduced in our country.

**Environmental elements** – Effect of environmental elements is one of the challenges faced by the entrepreneurs. Lack of attention to environmental elements will lead to the failure of the startups in India. Existing trends, legal issues and limitations in the market are some of the examples of environmental elements.

**Policies** – To create an environment for the development of entrepreneurial ecosystem, the policies of government plays a major role. Laws and regulations are also important for creating the startup environment. It will take lot of time to start a business in India because of these government policies. But now government has taken many initiatives regarding startup. So now this challenge was reduced in India.

Financial challenges such as lack of access to self-funding, lack of funding organizations, lack of funding from family and friends, lack of access to bank credits, lack of IPO possibilities, lack of financial knowledge, securing intellectual property rights and shortage of income tax for fixed assets. Human challenges such as lack of HRM knowledge, non-availability of skilled labour, non-availability of professional managers, lack of team management skills, defining the share structure between founder and co-founders and founders who leave startup in early stages. Production challenges such as availability of raw material, cost of raw material, quality of raw material, availability of power, availability of technology, cost of technology and non-availability of proper place. Marketing challenges such as competition from large scale units, slackness in demand, price control and competition with established brands.

## GOVERNMENT INITIATIVES

**Start-Up India**– This is the India's largest online entrepreneurship platform. This was launched by the Prime Minister of India, Narendra Modi in 2016. This platform contains resources such as online courses, research reports, startup guide and blog. It also contains 506 incubators, 492 mentors, 106 accelerators and 66 investors. They also conduct various programs and competitions. The prize worth of that competition is crores. This initiative provides three-year tax and compliance breaks intended for cutting government regulations and red tapism. Innovation core programs like MANAK have been started in 5,00,000 schools. This program is under the startup India Initiative scheme. The target of the MANAK program was to get 10,00,000 ideas to encourage innovations across India. Startup India Hub was opened to solve queries for startup. Till 2018 this hub can handle more than 1,16,000 queries and facilitate more than 660 startups by providing pitching support and advisory on business plans etc. It was launched as an online platform where all the stakeholders of the startup ecosystem can synergize their efforts.

**MUDRA Yojna** - Through this MUDRA Yojnascheme, startups get loans from the banks to set up, grow and stabilize their businesses in India. Pradhan Mantri MUDRA Yojana (PMMY) is a scheme launched by the Honorable Prime Minister, Narendra Modi on April 8, 2015 for providing loans up to 10 lakh to the non-corporate, non-farm small or micro enterprises. These loans are classified as MUDRA loans under Pradhan Mantri MUDRA Yojana. These loans for startups are given by Commercial Banks, RRBs, Small Finance Banks, MFIs and NBFCs. The purpose of this scheme is to attain a sustainable manner by supporting and promoting partner institutions and creating an ecosystem of growth for micro enterprises sector.

**SETU (Self-Employment and Talent Utilization) Fund** - SETU will be a Techno-Financial, Incubation and Facilitation Programme to support start up businesses and other self-employment activities, particularly in technology-driven areas. This scheme aims at increasing the number of startups by incubation and for reducing the rate of unemployment in the India. It aims to create 1,00,000 jobs through start-ups. Government has allotted Rs 1,000 Cr for setting up of incubation centres in order to create opportunities for self-employment and new jobs mainly in technology-driven domains.

**eBiz Portal**–eBiz portal is developed by Infosys Technologies Limited under the guidance of Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India. The focus of eBiz is to improve the business environment in India by enabling fast access to Government-to-Business services through an online portal. This will help in reducing unnecessary delay in various regulatory process required to start and run business. It gave licenses at one source to enable faster clearances and improve the ease of doing business.

**Atal Innovation Mission** – To encourage the talent among the Indian people, Atal Innovation Mission (AIM) was started. This mission has two core functions such as SETU and Innovation promotion. Innovation promotion is used to provide a platform where innovative ideas are generated.

**Building Innovation Centers at National Institutes** – The Government will set up 31 centres for innovation and entrepreneurship at national institutes. 13 startup centres shall be provided for three years for encouraging student driven startups from the host institute. 18 Technology Business Incubators to have separate society and build up space.

**New research parks** - Seven new research parks shall set up by the government with an initial investment of 100 Crore each. IIT Gandhinagar, IIT Delhi, IIT Guwahati, IIT Hyderabad, IIT Kanpur, IIT Kharagpur, IISc Bangalore are the seven new research parks.

## Financial Datas

NASSCOM (The National Association of Software and Services Companies) report of 2015 stated that 80,000 jobs have been generated through startups. NASSCOM report of 2019 stated that 3,90,000 to 4,30,000 jobs have been generated through startups. In 2019, nearly 1300 startups were added in Indian ecosystem.

7 Unicoms were added in 2019 namely Icertis, Rivigo, Druva, Dream11, Big basket, Ola electric and Delhivery small world. Bangalore has more percentage of number of startups. Next Delhi and Mumbai has more number of percentages of startups. Totally 24 unicoms are active now in India. In Grant Thornton startups report of 2016, 9% of total startup founders are women and majority of startups and investors are from Metro cities. India is ranked 130th out of 189 economies on the ease of doing business, 133rd on the ease of trading across borders and 157th on the ease of paying taxes. India is ranked 155th in case of starting a business. On an average, Indian businesses need to make 33 tax payments annually with around 243 hours spent to prepare and pay taxes in a year. In contrast, China requires just nine tax payments annually, while the USA doesn't trouble its taxpayers more than 11 times annually for tax payments. Among South Asian economies, India made the biggest improvement in business regulation, increasing its distance to frontier score. Indian start-up ecosystem stands 3<sup>rd</sup> in startups and entrepreneurship with 24 Unicoms. China and USA stands first and second position of startups and entrepreneurship. Government has allocated Rs 25crore for the Startup India program for the year of 2019-2020.

### Conclusion

There is no doubt India will grow, the only question is how fast? Startups are the necessity to lead India in right direction. Entrepreneurship & Innovation being primary promoters in job creation, solving everyday problems and increase of economic growth. Through startup India initiative program it can be easier to start a business in India. Government has taken enough efforts to nurture innovation. It also helps young entrepreneurs by providing them with a platform to showcase their innovative ideas and on the whole aiding to the development of the economy of the country. Startups are the future growth of our country. For the economic growth of India, startup is more important.

### ABBREVIATIONS

AIM – Atal Innovation Mission  
 GDP – Gross Domestic Product  
 HRM – Human Resource Management  
 IPO – Initial Public Offering

IIT – Indian Institute of Technology  
 IISc – Indian Institute of Science  
 MANAK – Million Minds Augmenting National Aspiration Knowledge  
 MUDRA – Micro Units Development and Refinance Agency Limited  
 MFI – Micro Finance Institutions  
 NBFC – Non Banking Financial Company  
 NASSCOM – National Association of Software Service Companies  
 PMMY – Pradhan Mantri Mudra Yojana  
 RRB – Regional Rural Bank  
 SETU – Self Employment and Talent Utilisation  
 TQM – Total Quality Management  
 USA – United states of America

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