



## STARTUPS: INNOVATION TO REALITY

Namrata Parekh

R. D. National & W. A. Science College  
Off Linking Road, Bandra West, Linking Rd, Mumbai, Maharashtra 400050

**Abstract:** This research paper highlights the initiative founded by the Government of India – ‘Startup India, Standup India’ and the start-up scenario in India. Start-ups encourage the citizens of the country to turn their innovative ideas into a reality. This scheme formulated by Prime Minister Narendra Modi has led to tremendous growth of sectors such as e-commerce, fin-tech, consumer service sector, logistics, health technology, real-estate, artificial intelligence, education, nanotechnology, sports and many more. The winner amongst all the sectors is the E-commerce sector which received the highest funding of 18.57% from SIDBI. Some successful e-commerce brands which received funding from startup India are Fynd, GoCoop and Kaaryah. This initiative has many benefits. To the budding entrepreneurs the advantages are many such as IPR benefits, funds available from various schemes of SIDBI, tax exemption for 3 years, resources, online 4 week free training program etc. There are approximately 7,200 entities registered as startups under this initiative who have received the above benefits and it is also believed that every year there is a growth of approximately 3,000 startups. The overall positive impact of this on the social and economic environment is evident through increased use of advanced technology, raise in the number skilled jobs and increased creativity amongst the youth to fulfill consumer expectations through better products and services by capturing untapped markets. Startups are dynamic organizations which lead to increased competitiveness in an economy which gives India an opportunity to gradually become a market leader and not just an outsourcing destination for cheap IT services. These startups have acted as a catalytic agent for change because they finally create a demand for goods and services in an economy which leads to a rise in GDP of the country. Startup India had addressed problems such as affordable education, healthcare, entertainment, financial security etc.

**Keywords:** Entrepreneurs, Start up, Innovation

**Start-Up India, Stand Up India:** According to the Department of Industrial Policy and Promotion a start-up is an entity that must not have a turnover over 25 crores in any previous financial year, it must also work towards creativity and innovation in products and services for economic welfare. Furthermore it must not be registered prior to seven years, bio-tech being an exception ("Start-up India, Department of Ministry of Commerce and Industry, Government of India", N.D.). Under this scheme on January 2016 Prime Minister Narendra Modi decided to include a 19 point plan for the start-up enterprises. This plan is making it easier for new entrepreneurs to change their ideas into reality. Some components of the 19 point plan are:

- Entrepreneurs can directly register their start-up through an online mobile application
- They can obtain intellectual property rights at a lower cost compared to other firms
- A benefit of aRs.10, 000crore corpus will be extended to the start-ups over a period of four years.
- Income tax for three years is scrapped off
- An initiative to start innovation programs in schools will also be undertaken etc.
- Legal support will be extended to the entrepreneurs for their firms safety
- Rebates will be given
- Simplified trading rules to encourage exports
- Faster closer and exit if the start-up fails
- Establishment of New bio-tech clusters etc. ("Start up India, Stand Up India: 19 exciting plans for start-ups", 2016).

These benefits which can be availed through this

**For Correspondence:**

namrata010394@gmail.com

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scheme has brought about positive changes in the economy of India by encouraging the youth to show their creativity and innovation in their businesses all over the world. It has also largely encouraged the Dalits, Adivasi's and women of India.

**Some Successful Start-Ups under This scheme are:**

**Kocado Labs:** This Company which was created in 2016 belongs to the Information Technology sector. They have developed an online platform for examination, training for educational purposes and professional purposes. It is based in Kerala.

The company has a range of products and services such as online exams, school management systems, transcriber, and web application development and so on.

Company profile:

The team of this company is as follows.

The Founder – Syamlal Sasi

Director – Dr. Pradeep Pillai

Human Resource Manager- Pratheeksha

Company limited by Shares

Non-government Company

Private company

10, 00,000 – authorised share capital

2, 00,000- paid up capital

Current customers: Chaitanya School, Global info Ltd, edNet, Rofo ("kocado labs private limited- company, directors & contact details | registrationwala.com", n.d.)

**Lattice Innovations Pvt Ltd:** This is a Delhi based company engaged in healthcare and life sciences founded on November 2014. They have excelled in making diagnostic and surgical tools and devices in India and in the United States of America. It has spread itself not only in urban but rural areas as well. Examples of some products they have innovated are an air disinfection system, cardiac risk assessment kiosk and digital microscopy. After obtaining their start-up capital this team began offering designed medical services through their surplus money which they used for their research and development. In the year 2017 they earned 75%

of their revenue from these services and the rest from their other products. Their main aim was to provide affordable healthcare products and services. This company has its affiliation to CAM Tech (Consortium for Affordable Medical Technologies), in Massachusetts. They have also designed a web application for them to connect the experts and the resource providers for advancement in medical technology. ("How Lattice Innovations fills the gap in healthcare by design - ETtech", 2017).

Company profile:

The team of this company is as follows

Chayan Chatterjee: Co-founder/ COO

Soura Bhattacharya: Co-founder/ CEO

Sahil Mehta: Co-founder/ CTO("Lattice Innovations", n.d.)

Company limited by Shares

Non-government Company

Private ltd company

1000000 authorised capital

100000 paid-up capital

Currently Active

**Counterfeit IQ Private Limited:** This Company based in Goa, specialises in detecting counterfeit documents or fake

Documents. The founder is Ganesh Faterpekar and the sales head is Rajesh.K Through the checking of documents it enables a person to detect which products and services are fake. They focus on authorization, authenticity and personalization. They provide services to many markets such as manufacturing, consumer goods, corporates, government organizations and academic institutions. It also has a mobile phone application. The entire concept of this organization is based on block chain technology which facilitates the movement of crypto currency globally and which is believed to be the future of technology (*Counterfeitiq*, n.d.).

**Some Drawbacks of the Start Up India Scheme:** According to a survey conducted in 2017. Most of the respondents who were a part of the scheme have stated that the start-up India scheme has not benefited them in anyways. The

various reasons for this as stated by the respondents are as follows:

- The promised funds of 10,000 crore were not given, and the funds took some years to be disbursed even after intense scrutiny of the enterprise which is a very lengthy process.
- Many of them received tax notices due to change in valuations, notices for their investment and fund raising methods
- They also faced a problem of equalisation fee and dual taxation from countries overseas if they had any affiliations which turned out to be expensive for them (Variyar, 2017).

#### **Other Government Initiatives for Start-Ups:**

Over and above the start-up India initiative there are over fifty schemes formulated by the Government of India for boosting the start-up ecosystem. Some of the schemes are

- Software Technology Parks (STP) scheme for sectors such as it, fintech, enterprise software etc.
- New Gen Innovation and Entrepreneurship Development Centre for industries such as food, beverages, renewable and non-renewable energy etc.
- MSME market development assistance
- Coir Udyami Yojana for the agricultural industry
- International Cooperation Scheme for the industry of travel, tourism, events and advertising
- SPARSH (social innovation programme for products: affordable and relevant to societal health) for the industry of healthcare and life sciences ("50+ Startup Schemes by Indian Government for Startups", n.d.).

#### **Scenario of Indian Start-ups in India in 2017:**

The growth of Indian start-ups in India has been relatively slow. However India ranks fifth in the world in terms of the number of start-ups founded. The economic and financial changes made by Prime Minister Narendra Modi have given a boost to start-ups in India. It is estimated that by 2020 there will be approximately 11,500 start-ups in India as compared to the current

4,200 start-ups. The scenario has been quite encouraging because start-ups have been selected in the Google accelerator programme, they have also received funds from Chinese nationals and furthermore there are many schemes set up by the Government of India to help entrepreneurs reach their goals easier.

Some of the key places of interest of Indian start-ups are:

- They believed they GST was the most beneficial to them and that Artificial intelligence, agriculture-technology and logistics should be given importance
- A very high number of start-ups have women in leadership positions
- Digital payment and Artificial intelligence are going to gain a lot of importance in India.
- There needs to be emphasis on talent management, management of equity funds and market creation.
- More and younger entrepreneurs are gaining success and recognition. Making India competitive in the international market. ("Indian Startups Current Scenario and Key Highlights of 2017 | GroVine", 2017)

#### **Examples of Start-Ups That Have Changed The Indian Market:**

**Zomato: Food-Tech Industry ( 2008)**

Founders: Deepinder Goyal and Pankaj Chaddah  
Their story: these two graduates from IIT Delhi bridged the gap between waiting time at restaurants and foodies who had no patience to wait for long hours at their favorite restaurants. Their idea was to put up information of these restaurants such as ambience pictures, menu, price of their dishes, schemes etc. on their web portal called 'Foodiebay'. Their first target was Huaz Khas in New Delhi. In 2010 they changed their name from 'Foodiebay' to Zomato. The funding they received also increased as they were doing exceptionally well. In 2010 Sanjeev Bikhchandani the founder of Nuakri.com provided a fund of 1 million dollars through his company Info Edge India. Later in 2013 he re-

invested another 10 million which gave him a 50% stake in the start-up. Other investors include VY Capital, Temasek and Sequoia Capital. Overall Zomato has received a fund of approximately 225 million dollars. This start-up revolutionized the food-tech industry. It gained popularity in major India cities such Mumbai, Kolkata, Bangalore, Ahmedabad, Hyderabad and many more by 2011. Just a year later in 2012 it expanded beyond Indian borders starting with Dubai and later roping in other countries such as Sri Lanka, United Kingdom, New Zealand, South Africa etc. The expansion spree also consisted of many challenges such as how to cover each street in town so that each customer could get the best deal. It also had to shut down its operation in cities like Cochin, Lucknow, Indore and Coimbatore. However they kept moving forward and by 2106 they established their presence in 22 countries by 2016. As on 2017 February it had 90 million registered users. They have become the market leaders in this industry with over 1 million restaurants registered under them. Their recent marketing strategy 'Zomato Gold' has become an attraction for all age groups due to sales promotion techniques such as BOGOF, yearly membership at cheap rates and other loyalty schemes. Deepinder Goyal and Pankaj Chaddah's through their innovation have brought great convenience to customers in this food-tech industry (*Zomato Success Story / Inspiring Story of Deepinder Goyal and Pankaj Chaddah | Startup Stories India*, 2016).

**OLA Cabs: Indian Cab Industry (2010):**  
Founders: Bhavish Aggarwal and Ankit Bhati  
Their story: this car hiring startup became the leading brand in India by capturing 60% market share and beating their rivals Uber and Meru cabs. Over a period of four years starting 2010 they captured over a 100 cities by offering competitive fares to their customers. They became the cheapest cross city cab aggregators in India. Their user base is over 125 million spread across 102 cities with over 25 million customers and it is still growing. Through their

main investors Soft Bank and Tencent they raise approximately 1.1 billion dollars with a valuation of 5 billion dollars. The entire idea of this venture was conceived when Bhavish Aggarwal got into an argument with a local cab driver when the driver stopped the taxi midway to renegotiate the payment which resulted in Bhavish getting off the taxi. He did not want Indian customers to face the same inconvenience and thus he achieved this through his start-up. He made sure their cabs offered quick pickups to customers through their online mobile application, a comfortable travel experience through air conditioned cabs at competitive fares. The importance of these cabs grew so much that many customers slowly switched to Ola from the local transport because of the tiring commute in metropolitan cities. Apart from the customer convenience Ola also benefited the local people by providing them employment opportunities. Many part timers started to become a part of this venture to earn extra income.

Like every other entrepreneurs they faced challenges such as lack of family support, irregularity of drivers, social issues such as safety of girls travelling by the cabs but they addressed them immediately and took corrective action (Kishore & Kishore, 2017).

#### **Future of the Start-Up Industry:**

This section mainly speaks about which industries have the maximum potential for start-ups

- E-commerce: with major players such as Snapdeal, Amazon India, Myntra, Jabong this market has huge potential. It is possible to get every product online. Globally such companies are flourishing because customers can select and purchase anything they like in just a click. Now not only products but services such as beauty and wellness, tutoring, house cleaning etc. are also made available to customers at competitive prices through companies such as Urban Clap.

- Online match making: applications such as Tinder, Shaadi.com, Hinge, Happn etc. have attracted the youths to find ideal partners or friends for themselves. Bio-data or short description of individuals interest can be put on these platforms making it easy for their potential partners to find them
- Food: start-ups such as Belgian Waffle company, Where's my cone?, London Bubble company, food truck festivals are making mouths water all across India. Food is a market in which there is a lot of scope for innovation. Because the spending power of millennials is increasing and they like to experience and taste new cuisines and dishes.
- Fitness: we have seen the emergence of the fitness and wellness industry in the past decade. Forms such as Power Yoga, Trampoline Fitness, Zumba, Pilates, Cross-Fit, Aqua-Zumba have made their mark globally. The profits from such ventures are high because individuals have increasingly become health conscious and are thus opting and enrolling for such routines.
- Beauty and wellness: more and more individuals are opting for this industry because of the high remuneration and flexible working hours. Salons, hair and make-up academy's, spa's, nails salons and many more have become popular and at a very fast rate (Rangwala, 2017).

**Summary:** From the above information we can thus conclude that start-ups can bring about positive changes in the economy of a country especially in a developing country like India where there is huge business potential due to untapped markets and rising population levels. It is because of the hard work of these entrepreneurs, the Government and many other factors that the lifestyle of citizens can change for the better and become smoother. It is essential for the government to continue boosting and encouraging the budding entrepreneurs by giving them various incentives

and helping them to cope with teething problems. India being one of the fastest growing and dynamic economies has the capacity to give one of the best products and services to world if managed effectively by the government. One thing which is of utmost importance is that the government must provide a good standard of living and opportunities to all sections of the society equally. This must be done to avoid brain drain. One may never know how another country can be benefited from the person who has migrated because 'India stands up when an entrepreneur starts-up' ("Startup India, Standup India: More than a Slogan - Big Startups", 2016).

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