



A Descriptive Study on Government Schemes under Startup Initiatives in India

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ABSTRACT :

In recent years, the Indian government has taken major steps to foster a thriving startup culture and encourage entrepreneurship as a means of stimulating economic growth, creating jobs, and driving innovation. Recognising startups' potential to revolutionise numerous sectors of the economy, the government has implemented a number of programs targeted at creating a favourable environment for new firms. These initiatives, which include financial aid, incubation support, mentorship, regulatory relaxations, and tax breaks, are intended to address the common challenges that entrepreneurs face, such as obtaining funding, navigating complex regulatory environments, and developing sustainable business models. Despite the numerous regulations and schemes that have been established over the years, the overall success of these programs, as well as their real-world impact on the growth and sustainability of Indian startups, is still being debated.

This study aims to assess the efficiency of the government's initiatives designed to help startups by looking at their impact on entrepreneurs and the problems they confront while using these resources. It focusses on understanding the various projects' strengths and shortcomings, as well as how they have helped build and scale firms across India. Some of the important programs examined in this study are the Startup India initiative, the Atal Innovation Mission (AIM), the Pradhan Mantri Mudra Yojana (PMMY), and the Stand-Up India Scheme. These programs provide financial support, mentoring, training, and easier access to government procurement opportunities, but their exact influence on the ecosystem is unknown, particularly in terms of facilitating long-term success for entrepreneurs.

The study uses a secondary data analysis approach, relying on a variety of sources such as peer-reviewed academic papers, government reports, policy documents, industry analyses, and case studies of businesses that have profited from these programs. The report attempts to provide a complete knowledge of how government measures have aided startup development and growth in India.

By examining both the accomplishments and limitations of these projects, the research hopes to provide insights into the elements that contribute to startup growth and highlight areas where policy changes may be required. The study's findings will provide policymakers, entrepreneurs, and industry stakeholders with significant recommendations for improving the effectiveness of government initiatives and better supporting India's startup ecosystem.

Keywords — Start-Up, PMMY, Economy and Government schemes

Introduction :

Startups are an important driver of economic development because they create jobs, promote technology, and foster innovation. India's startup culture has grown in recent years as a result of supporting government regulations, increased investor interest, and a thriving entrepreneurial ecosystem. However, entrepreneurs confront a number of hurdles, including raising initial money, managing regulatory constraints, and scaling operations.

- The Indian government recognises the importance of startups in driving the economy and has developed a number of initiatives to encourage entrepreneurship. These schemes seek to reduce financial constraints, simplify regulatory compliance, and provide infrastructure and skill development assistance. The efforts seek not only to foster innovation and entrepreneurship, but also to establish a strong and sustainable economic climate capable of addressing unemployment and increasing global competitiveness.

To overcome these problems and stimulate entrepreneurship, the Indian government has implemented a variety of initiatives that provide financial support, regulatory relief, and chances for skill development. Some of the important government efforts are:

Startup India Initiative – A flagship program launched in 2016 to provide financial, regulatory, and policy support for startups.

- Pradhan Mantri Mudra Yojana (PMMY) – Offers collateral-free loans to micro and small enterprises.
- Stand-Up India Scheme – Aims to support women and SC/ST entrepreneurs with financial assistance.
- Atal Innovation Mission (AIM) – Supports research and development, incubation centers, and collaboration between academia and industry.
- Make in India – Focuses on boosting manufacturing startups by providing incentives and policy support.

This study explores the impact of these government schemes on startups and their role in fostering economic growth in India. By analyzing the structure, benefits, and challenges associated with these programs, the study provides a comprehensive understanding of their effectiveness and areas for improvement.

II. Literature review :

According to Hah, C. F., and Jokhi, C. D. M. E. (2023), the primary focus of this paper was on how government rules affect the startup environment in all countries, including India. Startup India, the Fund of Funds for Startups, and the Atal Innovation Mission are just a few of the Indian government's initiatives and programs to promote innovation and entrepreneurship.

The goals of this article, as stated by amaluddin, F. A., and Sridhar, K. S. (2021), are to assess the concentration of investment in the Indian startup ecosystem as well as the success of government measures aimed at assisting the sector. While data on the effectiveness of government programs was collected through the Startup India website and RTI, descriptive statistics were used to describe investment trends.

Shaikh, Y. Z. (2019), centred on the concept of beginning a business. The major purpose of this article is to throw light on startup ventures from around the world, including India. The post also provided a brief overview of the Goa startup ecosystem. This study relied primarily on secondary data. The data was collected from a variety of sources, including websites, journals, newspaper stories, government reports, research papers, and more. The study is conceptual and descriptive in nature.

Gupta, S., Satpathy, B., & Baral, S. K. (2022). The majority of the study was descriptive. Both secondary and primary data aided the research. Secondary data was gathered from a variety of startup action plan websites, journals, and newspaper stories. Direct oral interviews with 150 tribal youngsters in the TSP region of Southern Rajasthan enabled the collecting of primary data on Start-up India and other government flagship initiatives.

Audretsch, D., Colombelli, A., Grilli, L., Minola, T., & Rasmussen, E. (2020). This article analysed and classified 39 global policy measures that address the phenomenon of innovative start-ups. We create a process framework by expanding on (i) the causes of the formation of innovative start-ups, (ii) their founding characteristics, (iii) their behaviour, and (iv) the outputs and impacts generated by them, using insights from the papers mentioned in this special issue. Our model reveals how conceptual distinctions between policy objectives, managerial issues, and research approaches vary by stage of business development. We end with recommendations for future research and policy activities

IV. Research questions :

1. What government schemes in India promote startups, and what are their major objectives and features?
2. What are the eligibility criteria for companies to receive advantages from government schemes?
3. Impact of government schemes on startups.

V. Methodology :

The study will use a descriptive research approach to offer a thorough overview and analysis of government schemes for startup ventures in India. A qualitative approach will be used to acquire thorough information and insights regarding the schemes and their effects on the startup ecosystem.

Data Collection:

Secondary data: Extensive literature review will be conducted, including academic articles, government reports, policy documents and case studies

Data Analysis: Qualitative data from interviews, surveys, and secondary sources will be transcribed, coded, and thematically analysed to uncover relevant patterns, themes, and insights. A comparative analysis will be undertaken to determine the similarities and differences between the specified government initiatives. The analysis will centre on major features, eligibility criteria, benefits, problems, success stories, and the overall impact of the schemes.

selection of Government Schemes: A thorough review and analysis of the available government schemes for startups will be conducted to identify the key schemes for inclusion in the study. The selection will be based on the relevance, significance, and impact of the schemes on the startup ecosystem in India.

VI. Analysis of government schemes- :

Established in 2016, Startup India aims to financially assist aspiring entrepreneurs — after they've gained approval from the Department for Industrial Policy and Promotion.

Powered by the DPIIT, the Startup India Scheme offers financial aid as loans and subsidies to potential business owners and organisations. Thereby further increasing job possibilities and producing wealth within the Indian economy

1. Atal Innovation Mission (AIM)

- In 2016, NITI Aayog launched this Startup India Scheme, Atal Innovation Mission . The organisation has established this scheme to foster innovation by creating new programmes and policies to support development in several economic areas.
- This government startup scheme provides a forum for the cooperation of many players in the entrepreneurial sector.
- Under this startup scheme, AIM grants approx ₹10 Crores financing to the chosen firms over five years. Emerging organisations in health, agriculture, transportation, education, etc., can apply for this scheme.

Eligibility:

Any Indian company incorporated under the Companies Act 1956/2013, primarily a Micro, Small and Medium Enterprises (MSME) as defined in the MSMED Act, 2006 - Any company registered as a Start-up, as defined and recognised by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India - The majority stake (more than 51%) of the applicant entity must be held in India - The applicant must have

Atal Tinkering Lab- school levels

AIM has started the Atal Tinkering Lab (ATL) program. ATL is a cutting-edge space established in a school with the goal of instilling curiosity and innovation in young minds across the country using 21st-century tools and technologies such as the Internet of Things, 3D printing, rapid prototyping tools, robotics, miniaturised electronics, do-it-yourself kits, and many more. The goal is to instill a problem-solving, innovative mindset among the youngsters of Atlanta and surrounding towns. To far, AIM has constructed 10,000 Atal Tinkering Labs in schools across the country.

Atal Incubation Centres-for startups

These Atal Incubation Centres seek to nurture world-class innovation while also assisting dynamic entrepreneurs who aspire to establish scalable and sustainable businesses. AIM has successfully operationalised 72 AICs in India. These AIC promote entrepreneurs by offering technical facilities, resource-based support, mentorship, finance assistance, collaborations and networking, co-working spaces, and lab facilities, among other things. These AICs have incubated 3500+ firms and produced over 32000 jobs in the ecosystem. More than 1000 startups are led and founded by women. AICs help companies in a variety of industries, including health education, fintech, edtech, space and drone technology, AR/VR, food processing, and tourism, among others.

For unserved communities-

To promote the benefits of technology-led innovation in India's unserved/underserved regions, including Tier 2 and Tier 3 cities, aspirational districts, tribal, hilly, and coastal areas, AIM is establishing Atal Community Innovation Centres under a unique partnership-driven model in which AIM will grant up to Rs 2.5 crores to an ACIC in exchange for a partner providing equal or greater matching funding. So far, 14 ACICs have been created throughout the country.

2. Pradhan Mantri MUDRA Yojana (PMMY)

Is an initiative established by the Hon'ble Prime Minister on April 8, 2015, to provide loans up to 20 lakh to non-corporate, non-farm small/micro firms (for those entrepreneurs who have taken and successfully repaid earlier loans under the 'Tarun' category). These loans are listed as MUDRA loans in PMMY.

These loans are listed as MUDRA loans in PMMY. Commercial banks, RRBs, small finance banks, MFIs, and NBFCs all provide these loans. The borrower can approach any of the lending institutions listed above or apply online at www.udyamimitra.in. Under the auspices of PMMY, MUDRA has developed four products: 'Shishu', 'Kishore', 'Tarun', and 'TarunPlus' to represent the stage of growth / development and finance requirements of the beneficiary micro unit / entrepreneur, as well as a reference point for the next step of graduation / growth.

Financial Year :2024-2025	No. of PMMY Loans Sanctioned :42271588 *
Amount Sanctioned: 430110.17 Crore *	Amount Disbursed: 418399.18 Crore

*Source: mudra.org.in.

Loan Eligibility:

Micro and small enterprises, including small manufacturing units, vendors, shopkeepers, artisans, and service providers, are eligible for loans under PMMY.

Region wise performance by banks (No. of accounts)

Stand-Up India Scheme

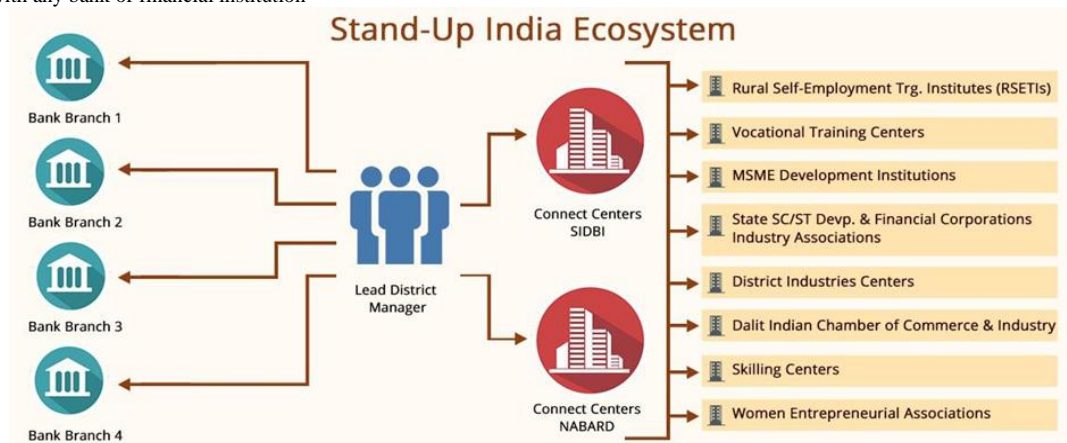
The Stand Up India initiative attempts to encourage business among women, scheduled castes, and tribes. The initiative is overseen by the Department of Financial Services (DFS), Ministry of Finance, Government of India. The Stand-Up India Scheme provides bank loans ranging from Rs 10 lakh to Rs 1 crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch to establish a greenfield firm. This company may be in the manufacturing, service, or trading industries. In the event of non-individual firms, at least 51% of the shareholding and controlling interest must be held by a SC/ST or female entrepreneur.

Eligibility

SC/ST and/or women entrepreneurs over the age of 18.

Loans under this scheme are only available for green field projects. Green field refers to the beneficiary's initial venture in the manufacturing, service, or trading sectors.

In the event of non-individual firms, either SC/ST or Women Entrepreneurs should own 51% of the shareholding and controlling stake. Borrower should not be in default with any bank or financial institution



Impact of government schemes on startups-

Government policies can have a significant impact on startups, as they can either help or hinder their growth and success. Here are a few examples:

1. **Tax policies:** The tax policies set by the government can have a significant impact on startups. Lowering the tax burden on small businesses can encourage entrepreneurship and stimulate growth.
2. **Regulations:** Regulations can either be helpful or harmful to startups. Overly restrictive regulations can stifle innovation and make it difficult for startups to succeed, while regulations that promote competition and protect intellectual property can help startups grow.
3. **Funding and grants:** Governments can provide funding and grants to startups, which can help them get off the ground and grow faster. This can be particularly important for early-stage startups that have limited access to funding.
4. **Immigration policies:** Many startups rely on talented individuals from around the world to help build their teams. Government policies that make it easier for these individuals to obtain visas and work permits can be extremely beneficial for startups.
5. **Infrastructure:** The quality of infrastructure, including transportation, energy, and communications, can have a significant impact on the success of a startup. Governments that invest in modernizing infrastructure can help startups thrive.

Overall, government policies have positive and negative effects on startups. Policies that create a supportive environment for startups can help drive innovation and economic growth, while policies that create barriers to entry can stifle innovation and limit the potential for success. In addition to inspiring and encouraging aspiring entrepreneurs, students, and leaders from all walks of life to start their own firms and take another step towards creating Aatma nirbhar Bharat, the government policies stated above assist and benefit the current startups and businesses. The goal is to give India's creative minds the freedom to conceive up innovative ideas, put them into action, and ultimately turn those ideas into thriving businesses. Given that India has the third-highest number of startups in the world, these measures appear to have achieved their intended goals.

VII. Conclusion :

The Indian government has made tremendous progress in nurturing a strong startup ecosystem through well-structured initiatives such as Startup India, Atal Innovation Mission (AIM), Pradhan Mantri Mudra Yojana (PMMY), and the Stand-Up India Scheme. These initiatives offer financial assistance, regulatory relief, talent development programs, and incubation support to help businesses overcome major hurdles such as financing shortages, regulatory difficulties, and market accessibility.

The Startup India project, which was started in 2016, is a flagship program aiming at assisting companies with financial, regulatory, and policy support, as well as fostering innovation and boosting entrepreneurship. Similarly, AIM has supported research and innovation through its Atal Incubation Centres and Atal Tinkering Labs, which provide financial support, mentorship, and infrastructure to developing firms. Furthermore, PMMY and Stand-Up India have been instrumental in offering collateral-free loans, notably to micro and small businesses, women entrepreneurs, and SC/ST entrepreneurs. These programs have all helped to create jobs, promote technology, and boost India's economy.

However, despite these admirable efforts, several issues remain. Many entrepreneurs, particularly in Tier 2 and Tier 3 cities, have difficulty accessing government programs due to a lack of knowledge, bureaucratic delays, and severe eligibility requirements. Furthermore, while financial aid is available, the sustainability and long-term impact of these programs are uncertain. Many businesses struggle with operational scalability, and not all government-backed incubators and funding methods work equally well across industries.

To increase the efficacy of these projects, the government must simplify application processes, expand communication activities, and promote public-private collaborations. Furthermore, ongoing monitoring and evaluation of the impact of these programmes will aid in identifying gaps and implementing required policy changes.

To summarise, government policies have clearly boosted Indian businesses by providing vital financial and infrastructure support. However, for India to cement its place as a global startup hotspot, ongoing efforts are required to increase accessibility, streamline bureaucratic processes, and promote a more inclusive and innovation-driven ecosystem. Strengthening these characteristics will not only ensure the long-term viability of startups, but will also greatly contribute to India's economic development and competitiveness.

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