

## INDIAN START UPS – ISSUES, CHALLENGES AND OPPORTUNITIES

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### ABSTRACT:

*The objectives of startups are to be one's own ownership and to create employment to others. The computes, internet and mobile have opened up opportunities for spreading startups revolution in India. The make in India initiatives and other government schemes. Have also given boost to startups. The idea behind the venture market size, revenue and profit targets are some of the important factors that need to be clearly defined before starting the journey. Time, team work and tenacity are important elements which determine entrepreneurial success. Infrastructure, governmental regulations and availability of finance at various stage of growth could be some of the challenges for startups. The paper discuss few issues and challenges that an Indian startup has to face and the opportunities that the country can provide in the current eco system.*

### INTRODUCTION:

The objectives of startups are to be one's own ownership and to create employment to others. The computes, internet and mobile have opened up opportunities for spreading startups revolution in India. The make in India initiatives and other government schemes. Have also given boost to startups. The idea behind the venture market size, revenue and profit targets are some of the important factors that need to be clearly defined before starting the journey. Time, team work and tenacity are important elements which determine entrepreneurial success. Infrastructure, governmental regulations and availability of finance at various stage of growth could be some of the challenges for startups. The paper discuss few issues and challenges that an Indian startup has to face and the opportunities that the country can provide in the current eco system.

A startups venture could be defined as a new business and is financed by an individual or small group of individuals. It is a young entrepreneurial model built on technology and innovation wherein the founders develop a product or service for which they foresee demand through. Disruption of existing or by creating entirely new markets. Startups are nothing but an idea that manifests into a commercial undertaking.

### GOVERNMENT INITIATIVES

Indian Government is promoting entrepreneurship at the startup level and has taken a number of initiatives to ensure appropriate support. In this aspect it is relevant to mention 'Make in India' Campaign introduced in September 14 to attract foreign investment and encourage domestic companies to participate in the manufacturing sector. The government increased the foreign direct investment limit for most of the sectors and

strengthened intellectual property rights protection to instill confidence in the startup. The government of India has introduced a new campaign called 'Startup India' in 2015 aimed at promoting entrepreneurship among women and to help startups with bank funding. Another initiatives is 'Digital India' introduced in 2015 to ensure government services are made available to every citizen through online platform that aims to contact rural areas by developing their digital infrastructure which leads to huge business opportunities for startups.

## **ISSUES AND CHALLENGES OF STARTUPS**

A successful startup cannot start a business with simple idea. The knowledge on market leadership quality communication skill, maturity to see things in right perspectives along with the ability to take calculated risks are required on the part of the entrepreneur.(Aggarwal2017) Lack of awareness, unorganized market, poor infrastructure, lack of monitoring test evolving market changes are some of the challenges as per RashmiGuptey.

Some of the major issues and challenges are discussed below:-

### **a. Financial Resources**

The finance is the most important aspect for the startup and it is difficult to get sufficient amount (Mittal 2014, Truong 2016). A number of financial options ranging from family members, friends, loans, grants,Angel Funding Venture capitalists etc are available. The requirements start increasing as the business progresses. Proper cash management is critical for the success of the startup. (Skok, 2016; Pandita 2017)

### **b. Revenue Generation**

Several startups fail due to poor revenue generation as the business grows. As the operations increase, expenses grow with reduced revenues forcing startup to concentrate on the funding aspects, thus diluting the focus in the fundamentals of business. Hence revenue generation is critical. The challenge is not to generate enough capital but also to expend and sustain growth.

### **c. Supportive Infrastructure**

There are a number of support mechanism that play a significant role in the life cycle of startup which include incubators, science and technology parts, business development centres etc. Lack of access to such support mechanism increases the risk of failure.

### **d. Creating Awareness in markets**

Startups fail due to lack of attention to limitations in the markets. The environment for a startup is usually more difficult than for an established firm due of uniqueness of the product. The situation is more difficult for a new product as the startup has to build everything from the scratch.

### **e. Exceed Customer Expectations**

The next most important challenge is gauging the market need for the product, existing trends, etc. Innovation plays an important role since the startup has to fine tune the product offering to suit the market

demands (Skok 2016) Also the entrepreneur should have thorough domain knowledge to counter competition with appropriate strategies.

#### **f. Regulations**

Starting a business requires a number of permission from government agencies. Although there are a perceptible change, it is still a challenge to register a company. Regulations pertaining to labour laws, Intellectual property rights dispute resolution etc. are rigorous in India.

### **REASONS FOR FAILURE**

As regards major reasons for a failure of startups a survey based on analysis of 101 firms showed that 42% failed as the product had no market, 29% firms ran out of cash, 23% did not have the right team, 18% closed due to pricing issues 17% firm had poor product, 14% failed due to poor marketing and 8% had no investor interest. (Griffith 2014). These reasons substantiate most of the issues and challenges that have been enumerated above.

### **OPPORTUNITY FOR STARTUPS**

In spite of challenge and problems that startups are facing. Indian markets provide lot of opportunities to find solutions. Below is a list of few of the opportunities that are discussed for consideration by startups.

#### **a. Indian Large Population**

The population of India is a huge asset for the country. By 2020 it is expected that the working age population would surpass the non working populations. This unique demographic advantage will offer a great opportunity to any startup.

#### **b. Change mind set of working class**

International career paths will be giving way to Indian startup space. Challenging assignments good compensation packages would attract talented people to startups.

#### **c. Huge investment in startups**

Huge investment in Indian startups from foreign and Indian investors is taking place. In 2015 more than 300 deals were done by 300+ angels and venture capital / private equity players with around Rs.42,300 crores investment making India the most sought after destination for investment.

### **CONCLUSION**

The current economic scenario in India is an expansion mode. The Indian government is increasingly showing greater enthusiasm to increase the G.D.P. rate of growth from grass root level with introduction of liberal policies and initiatives for entrepreneur like "Make in India" Startup India etc. Make in India is a great opportunity for the Indian startup with government going full hog on developing entrepreneur. It could stop brain drain and provide an environment to improve availability of local talent for hiring by startup firms. Small contribution from a number of entrepreneurs would have cascading effect on the economy and employment

generation. Which would compliment medium and large Industries effort in catapulting India into a fast growing economy.

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