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SUPPORTIVE ROLE OF GOVERNMENT IN PROMOTING START-UPS: A STUDY OF TRI-CITY

[1]Sonam Sharma, [2]Kapil Sharma & [3]Monika Aggarwal
[1]Research Scholar , Punjabi University, Patiala
[2]Assistant Professor, Punjabi University, Patiala
[2]Associate Professor , University Institute of Applied Management Sciences, Panjab University, Chandigarh

Abstract: Government of India recently launched a campaign on "Start-up India" to boost entrepreneurship in India. The present study aims at understanding the supportive role of government in funding start-ups. For this purpose data was collected from 100 start-ups from tri-city i.e. Chandigarh, Mohali and Panchkula using structured questionnaire. The basic objective is to understand the level of awareness of the schemes of Government of India amongst start-ups and secondly to examine the benefits availed by these start-ups. The various schemes launched by the government covered in this study are under Start-up India" and "Make In India" initiative such as sustainable finance scheme, raw material assistance scheme and many others. It has been observed that very less number of entrepreneurs is aware to some extent about the availability of such schemes and the benefit availed follows that lesser ratio.

Keywords: Entrepreneurship, Start-Up Financing, Schemes, Government, Start-Up India, Make in India

INTRODUCTION

Most of dynamic areas in the world are eminently focusing on promotion of a pro start-up environment in order to create "ecosystems" facilitating the nurturing of "new ventures" (Manzella, 2015). India as an emerging economy is considered unique because of its ranking third among the global start-up ecosystems in the world, both in terms of start-up emergence and start-up exits, with nearly five billion dollars of funding in the year 2015, and it has three to four start-ups being born every day (Times of India report, 2015).The estimated number of start-ups housed in India are close to 4200, that creates around 85000 employment opportunities (Agri start-ups expo 2018). The number is estimated to increase to around 11500 by 2020 creating around (2 lakhs – 3 lakhs opportunities (FICCI and Yes Bank Start-Up Report) .The year 2018 has set the stage to another level in the start-ups ecosystem. In such a time, the need of the hour is to create infrastructure for mentoring start-ups .The government, educational institutes and corporate are required to join hands in order to promote start-up growth in the economy.

Numerous Government initiatives and incentives apart from private investment ecosystems development also play a vital role in boosting the Start-up community. The Start-up India Action Plan was launched in January, 2016 by the Government of India under the flagship Invest India initiative of DIPP. The Government has taken this initiative in order to boost Start-ups to accelerate them in the terms of innovation and growth. Also, the government launched the "Make in India' campaign on September'14 2016 in order to attract foreign investments and encourage domestic companies to participate in the manufacturing sector. The government increased the foreign direct investment (FDI) limits for most of the sectors and strengthened intellectual property rights (IPRs) protection to ensure confidence in the start-ups.

Essentially the early formation stage of an entity is observed as a start-up. But in this sense, we cannot term a retail shop that has started in to be a start-up. According to Ministry of Commerce and Industry's notification, an entity will be identified as a startup for

following three conditions:

- Till up to five years from the date of incorporation.
- If its turnover does not exceed 25 crores in the last five financial years.
- It is working towards innovation, development, deployment, and marketability of new products and technology driven services.

START-UP INDIA INITATIVE

Start-up India is an initiative launched by Government of India, in order to create a strong eco-system for nurturing innovation and Start-ups in the country in order to be drive sustainable economic growth and generate large scale employment opportunities. The Government's objective is to enhance Start-ups to grow through innovation and design.

The Government of India has announced the Action Plan under this initiative which addresses all aspects of the Start-up ecosystem on 16th January 2016.The government has launched various schemes for start-ups under this initiative. The schemes are further discussed in the study. The start-up India Campaign led to the formation of start-up India Hub which has been able to access queries varying around 1,14,000 from Start-ups through electronic and social media and has guided around 660 Start-ups for incubation, funding support, on business plans, pitching support, etc. Besides this, 14,036 Start-up applications have been recognised as Start-ups by DIPP. 22 States including Andhra Pradesh, Assam, Bihar, Telangana, Chhattisgarh, Goa, Uttar Pradesh, Gujarat, Jammu and Kashmir, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, , Haryana, Himachal Pradesh Odisha, Punjab, Rajasthan, Sikkim, Uttarakhand and West Bengal have already formulated Start-up Policies since October 2014(Start-up India Report 2018). The present study will gives the idea of viability and usage of government schemes and subsidies in the start-up market.

REVIEW OF LITERATURE

Dadzie and Dadzie (2016) revealed that most GVC funded start-ups fail or underperform compared to those funded by private VCs due to a number of reasons including lack of transparency and unfairness in the selection process. Butler, et al. (2014) investigated that govt policy had significant effects on enterprise creation and survival as well as on employment. Overall, it was showed that small-scale public policy could help entrepreneurs overcome a wide variety of barriers to firm entry and improve the allocation of their entrepreneurial talent. Changhong, et al. (2016) examined that the positive effects of government policies on the angel investment were more significant with higher economic growth rather than in lower economic growth. Also, the policies that promote Entrepreneurship had affected the returns from high amount angel investments more than those from low amount investments .Such policies had been able to shape and guide angel investors in making more efficient investments. Guan and Yan (2015) was of the view that special government financial incentives such as special loans and tax credits have a positive influential effect on innovative economic performance of firms. It was found that all financial incentive of governments was not related to the patents of either the high tech or general firms. Casanova et al. (2017) explained the government initiatives that promote innovation in the market place by providing debt and equity funding. A number of countries had established programs to provide funding to entrepreneurial firms through grants, debt financing or venture capital. Pathak (1972) found that the factors like contacts, education, finance, favourable and timely policies of the government and quick adaptability by the enterprises are majorly responsible for all-round growth of entrepreneurial talent. Rao (1986) analysed that the government schemes have certainly boosted the initiation of ventures in Andhra Pradesh. Pillai (1989) discovered that the emergence of women entrepreneurs in Kerala State was facilitated by the financial and marketing assistance provided by the state government and also by the training provided by the training centres set up by government. Alongside Sharadadevi (1989) also opines that encouragement of government and the emergence of different official and non-official agencies at central and state level coupled with new schemes, departments and institutions have greatly facilitated the emergence of women entrepreneurs. Deshapande (1989) concluded that emergence of entrepreneurship is conditioned by the political system and government policy; However, he opined that the government was unable to help the entrepreneurs from all castes and religions. Sharma and Singh found that people with business background

largely avail government facilities. On the other hand, James J. Bema (1960) was of the view, that medium scale enterprises are neglected by the government as the developmental efforts are more focussed on small scale industries. Singh (1964) opined that no firms have received any government aid nor they have borrowed any funds from public or private agencies for setting up their own ventures. There has been considerable research on the effect of government incentives and subsidies on the creation of entrepreneurial ventures. Yet, the literature failed to explain that why the entrepreneurs still lack in availaing the government aid, whether the entrepreneurs are well known about the subsidies and schemes provided by the government. This gives us the basis to conduct the present study with the following objectives:

OBJECTIVE

1. To study the various government schemes launched under Start-up India initiative available for start-ups.
2. To examine the level of awareness amongst the start-ups with respect to government schemes for start-ups.
3. To evaluate the level of utilisation of such schemes by start-ups of tricity.

RESEARCH METHODOLOGY

Current study is based on the data collected from the start-up entrepreneurs. A survey is conducted using a structured questionnaire. 125 questionnaires were distributed amongst the entrepreneurs from tri-city i.e. Chandigarh, Mohali and Panchkula out which 100 were received. Various statistical tools like weighted average analysis, comparative mean are used to analyse the level of awareness about the schemes amongst the entrepreneurs.

Following null hypothesis has been created to test the level of awareness:

H0 : There is no difference in the level of awareness based on Age

H1 : There is no difference in the level of awareness based on Gender

H2 : There is no difference in the level of awareness based on Education

H3 : There is no difference in the level of awareness based on Work Experience

FINDINGS AND RESULTS

The results are analysed using weighted average analysis on schemes with respect to age in order to measure the level of awareness amongst the entrepreneur's based on to government schemes under Start-up India.

Table 1 : Study of various existing schemes under Start-up India

Scheme/s	Key Area	Fiscal incentive
Support for International Patent Protection In Electronics & Information Technology	Msme - Itc Sector	Sum total of Rs 15.0 Lakhs per invention or 50% of the total expens
Multiplier Grants Scheme	R& D Industry and Academics	A maximum of INR 2 Cr per project
Software Technology Park Scheme	Software Exports And Software Companies	DTA up to 50% of the FOB value of exports
Electronic Development Fund (EDF) Policy	Electronics System Design And Manufacturing Sector	Varies case to case
Modified Special Incentive Package Scheme (M-SIPS)	Electronic & IT Sector.	1.20% for SEZ 2, 25% for non-SEZ
Scheme to Support IPR Awareness Seminars/ Workshops in E&IT Sector	(Intellectual Property) Awareness	1.Educational institutes – 2 lakh 2.Industry bodies like MAIT, ELCINA, , FICCI, etc- 3 lakh 3.Meity Society/autonomous body– 5 lakh

New Gen Innovation And Entrepreneurship Development Centre	S&T Academic Institutions	Maximum of INR 25 Lakhs
The Venture Capital Assistance Scheme	Banking (Loan)	1.26% of promoter's equity and INR 50 lakhs(projects located in North Eastern Region , Uttrakhand , H.P and J&K) 2.40% of promoter's equity and INR 50 lakhs (where project is promoted under Farmers producer organisation)
Credit Guarantee	MSE Sector	75% of the credit facility up to INR 50 Lakhs
Performance & Credit Rating Scheme	Small-Scale Industries.	Max 50 Lakhs,/ 75% of the rating fee / Rs 25,000 (whichever is less)
Raw Material Assistance	Financing MSME For Raw Material	9.5-10.5% (270 days) Else, 10-11%
Revamped Scheme of Fund for Regeneration Of Traditional Industries (SFURTI)	Traditional Industries And Artisans	INR 8 crore /cluster (heritage clusters) INR 3 crore/cluster (major clusters) INR 1 crore/cluster (mini clusters)
Single Point Registration Scheme	Mse Sector	Earnest money deposit and tender fees are exempted
Aspire – Scheme For Promotion of Innovation, Entrepreneurship, And Agro-Industry	Rural And Agriculture Based Industry	1.50% of the cost of Plant & Machinery /max Rs 30 Lakhs (existing incubation centres) 2.50% of the cost of Plant & Machinery /max Rs 100 Lakhs (setting new incubation centres) 3.INR 200 Lakhs for Accelerators to hold 10 workshops for incubates One-time grant of INR 1 Cr as seed capital
Infrastructure Development Scheme	MSME (Office Space)	Office space on a lease rental basis
MSME Market Development Assistance	Small/Micro Manufacturing Industries (Exports)	1.75% of air fare by economy class and 50% space rental charges for micro & small manufacturing enterprises(unreserved category) 2.100% space, rent, and economy class airfare (women / SC/ST entrepreneurs)
National Awards (Individual MSEs)	MSME (National Awards)	Rs 1 lakh , 75000 and 50000 in order of ranking
Coir Udyami Yojana	Institutions Under Societies Registration Act 1860 (Doir Units & Working Capital)	55% of the total project cost minus 40% margin money (subsidy) and owner's contribution of 5% from beneficiaries
International Cooperation (IC) Scheme	MSME (Exports)	Maximum of INR 1 Lakh or actual rent paid
Credit Linked Capital Subsidy for Technology Up gradation	Small Scale Insustry	INR 40 Lakhs to INR 1 Cr or 12% to 15% of subsidy
Bank Credit Facilitation Scheme	Credit Support To MSME	Arranges for credit support from banks
Atal Incubation Centres	Start-Ups (Early Stage)	INR 10 Cr to each AIC for a maximum of five years

Atal Tinkering Laboratories	Education Sector	INR 12 Lakhs each
Scale-Up Support to Establishing Incubation Centres	Incubation Centres	INR 10 Cr in two annual instalments of INR 5 Cr each
Udaan Training Programme for Unemployed Youth of J&K	Employment	Provide employment-oriented training to the youth of J&K
Enhancement of Competitiveness in The Indian Capital Goods Sector	Industrial	25% of the cost of the technology acquisition (Max 10 cr)
National Clean Energy Fund Refinance	Small Hydro Power (SHP) Projects	Maximum 30% of the loan outstanding, @ 2% roi (less than 15 Cr)
IREDA Scheme for Discounting Energy Bills	Renewable Energy	Up to 75% of the invoice value pending for maximum six months (Max 20 cr)
Bridge Loan against MNRE Capital Subsidy	Renewable Energy	Minimum Rs 20 lakh
Bridge Loan against Generation-Based Incentive (GBI) Claims	Solar Power Projects	Minimum Rs 20 lakh
Loan for Rooftop Solar PV Power Projects	Solar Power Projects	70% of the project cost + 30 % Promoters contribution
Credit Enhancement Guarantee Scheme	Renewable Energy Projects	guarantee up to 25% of the proposed issue size of the bon
Dairy Entrepreneurship Development Scheme	Unorganised Sector	25% of the outlay(general) 33.33 % (SC / ST/ farmers)
4E (End To End Energy Efficiency)	MSME	90 % Of project cost varying b/w 10 lakh to150 lakh.
Pradhan Mantri Mudra Yojana (PMMY)	Manufacturing, Trading And Service Sector	loans upto INR 10 Lakhs
Stand Up India	Greenfield Enterprise	loan between INR 10 Lakhs and INR 1 Cr (SC/ST/ women entrepreneurs)
Sustainable Finance Scheme	MSME (Sustainable Development)	Assistance is provided by the way of term loans
SIDBI Make In India Soft Loan Fund for Micro Small and Medium Enterprises (SMILE)	Msme	1.10% of the project cost (Max 20 lakh)UR 2.15% of the project cost(Max 30 lakh) (SC/ST/PwD)
Start up Assistance Scheme	Technical services	INR 200 Lakhs (Max)
Growth Capital and Equity Assistance	Msme	SIDBI provides easy loans
Assistance to Professional Bodies & Seminars/Symposia	Education Sector	Travel support to scientists
Ayurvedic Biology Program	Ayurveda	nominal support for pre-operative expenses like announcements brochures.
Industry Relevant R&D	Industrial	Grant for project related costs
High Risk-High Reward Research	Science & Technology	Grant for project related costs
Technology Development Programme (TDP)	Science & Technology Research & Development	up to 50% of the cost of consumables is provided.

National Science & Technology Management Information System (NSTMIS)	Research Projects	1.10% of the total project cost for educational institutions and NGOs 2.8% for laboratories & institutions under Central Government departments/agencies
Biotechnology Industry Partnership Programme (BIPP)	Science & Technology	Support for technology development
Industry Innovation Programme On Medical Electronics (IIPME)	Electronics And Information Technology	1. INR 50 Lakhs (18 months) And INR 100 Lakhs (24 months)(early transactions) 2.loan for 24 months (transitioning to scale).
Extra Mural Research Funding	Research Projects	35 lakhs – 3 years
SPARSH (Social Innovation Programme for Products: Affordable & Relevant To Societal Health)	Biotechnology And Health Care	1.Rs 50 Lakhs(18 months). 2.Rs .50 Lakhs(24 months) 3. Innovative Pilot Scale Delivery Models –24 months
Promoting Innovations in Individuals, Start-ups and MSMEs (PRISM)	Scientific & Industrial Units	1., a maximum of INR 2 Lakhs or 90% of the total project cost (whichever is less) 2. INR 5 Lakhs to INR 35 Lakhs, a maximum of INR 20 Lakhs or 90% of the total project cost (whichever is less) 3. INR 35 Lakhs to INR 100 Lakhs, up to INR 50 Lakh limited to 50% of the total project cost 4.max Rs 50 Lakhs limited to 50% of the total project cost
Science and Technology of Yoga And Meditation	Yoga & Meditation	Limited to three years
Rapid Grant for Young Investigator	Biotechnology	Grant for research in biotechnology
Biotechnology Ignition Grant	Biotechnology	Max Rs 50 Lakhs (18 months)

Using chi square analysis, it has been found that on an average 47% entrepreneurs are not at all aware about the government schemes .while 40% are slightly aware and 13% are somewhat aware about the availability of such government schemes.

Table 2: Level of awareness with respect to demographic details

		Level of Awareness			Total	Chi-Square	p-value
		not at all aware	slightly aware	somewhat aware			
Age	20-25	20	20	5	45	5.247	.513
		44.4%	44.4%	11.1%	100.0%		
	25-30	11	12	6	29		
		37.9%	41.4%	20.7%	100.0%		
	30-35	7	5	1	13		
		53.8%	38.5%	7.7%	100.0%		
	>35	9	3	1	13		
		69.2%	23.1%	7.7%	100.0%		

Gender	Male	31	31	6	68	4.6	.100
		45.6%	45.6%	8.8%	100.0%		
	Female	16	9	7	32		
		50.0%	28.1%	21.9%	100.0%		
Education	Under graduate	11	3	2	16	14.449	.006
		68.8%	18.8%	12.5%	100.0%		
	Graduate	18	28	3	49		
		36.7%	57.1%	6.1%	100.0%		
	Post graduate & Doctorate	18	9	8	35		
		51.4%	25.7%	22.9%	100.0%		
Work Experience	Less than 1 years	9	12	5	26	10.274	.114
		34.6%	46.2%	19.2%	100.0%		
	1-2 years	10	15	4	29		
		34.5%	51.7%	13.8%	100.0%		
	3-4 years	15	10	3	28		
		53.6%	35.7%	10.7%	100.0%		
	Above 5 years	13	3	1	17		
		76.5%	17.6%	5.9%	100.0%		
Total		47	40	13	100		
		47.0%	40.0%	13.0%	100.0%		

Table 2 provides the summary of demographic profile of the respondents to the survey. An overview of the summary statistics gives an idea of the level of awareness about government schemes announced under start-up India campaign.

The p value for the Factor "Age" is greater than 0.05 .Therefore, null hypothesis (H0) has been rejected. Thus, there is no significant difference amongst the awareness level of entrepreneurs from different age groups. The p value for the Factor "Gender" is less than 0.05 .Therefore, the research has failed to reject null hypothesis (H1).Thus, there is significant difference amongst the awareness level of male and female entrepreneurs. The p val9ue for the Factor "Education" is less than 0.05 .Therefore, the analysis failed to reject the null hypothesis (H2) .Thus, there is significant difference amongst the awareness level of entrepreneurs from bearing different education qualification. The p value for the Factor "Work Experience" is less than 0.05 .Therefore, the research has failed to be reject the null hypothesis (H3). Thus, there is significant difference amongst the awareness level of entrepreneurs with different levels of work experience.

Table 3: Weighted average of usage

Usage	Yes	No
No. of Entrepreneurs	6%	94%

Using weighted average analysis, it is found that only 6% of the entrepreneurs have availed the benefit of various government schemes under Start-up India Campaign.

CONCLUSION AND RECOMMENDATIONS

A start-up venture starts with an idea, but it takes more than just an idea to conceptualise it into a firm including mentoring, financing, team work , market suitability, legal requirements etc. Financial Constraint being the utmost important one carries more weight age in the eyes of entrepreneur .Availability of funds at low cost and easy processing is one such boon for the setting up of the venture or expansion of ventures. The government of India has set the stage for more start-up ventures in the market by providing number of schemes and subsidies for start-up entrepreneurs in order to set up new units or manage the existing ones. The present study observes the level of awareness about the incentives available to them. Techniques like, chi square analysis is conducted

in order to estimate the level of awareness amongst the start-up entrepreneurs .It has been observed, keeping in regard the various demographic details given by the entrepreneurs. Also, weighted averages have been calculated to estimate the benefits availed by the entrepreneurs under such schemes. It has been observed that very less number of entrepreneurs are aware to some extent about the availability of such schemes and the benefit availed follows that lesser ratio. It is therefore suggested through this study that the need of the hour is to create awareness about the availability of such schemes and subsidies. The government should organise various mentoring sessions for start-ups in order to create awareness about the schemes and procedures of the availing those benefits from the government. More emphasis should be given on advertising about such schemes. The business incubators should be given extra benefit for registering more start-ups under the Start-up India Campaign.

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