



# A STUDY ON IMPACT OF START-UPS ON RAISING GENERATION IN INDIA

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## **ABSTRACT**

Indian economy is popularly known as mixed economy because of increasing population in India startups have significant impact on raising current and future generation. The purpose of this paper is to fostering creativity critical thinking skills in young adults by providing resources that encourage exploration and problem solving techniques and creates them financial independence, promoting social equality and gaining valuable entrepreneurial experience. Government has introduced many policies that aims to ease the business environment for startups, it have positive impact on the development of economy by creating job opportunities. This paper focused on impact of micro-, small and medium-sized enterprises (MSMEs) financial assistance for startups in India. The paper also identifies innovative skills and talents of young minds of India. It also emphasizes, startups encourage young people to be aware creative entrepreneurship.

## **KEYWORDS**

Rising generation, Exploration, Policies, Indian economy, and MSMEs.

## **INTRODUCTION**

Startup is popularly known as global tech powerhouse. It is the dream of young generation to work and gain experience in their field of interest. Government of India has emerged as the third largest system for startups and in 2023 has more than 100000 startups.

Most developed startups in India are, Flipkart, phone pay, pharmacy, policy bazaar etc. It manifest the breadth and depth of entrepreneurial talent, brings fresh perspective and also uplift technology, Healthcare, ecommerce, education and financial services of the economy. There are many types of startups, Social startups, Buyable startups, Small business startups etc., The social startup is a business venture that gives importance addressing social or environmental issues along with its profit-making goals. A buyable startup refers to the acquisition of position by a company by another business entity. Startups may build their own operations, products, and market presence. A small business startup refers to the establishment of a new venture with limited resources, operated by a small team or a single entrepreneur. Startup will raise finance through friends, family, venture capital, government grants and Non-banking financial companies (NBFCs). In the year 2016 startup India Hub introduced under the chairmanship of Prime minister Narendra Modi. The scheme aimed to promote entrepreneurship among upcoming younger generation. 60% of Indian population falls under working mind this turn startups takes vital role for the economic development of country.

## **OBJECTIVES OF THE STUDY**

1. To study on fostering creativity and critical thinking of young minds.
2. To study on sources of startup financing in India.
3. To study on impact of startup on employment generation in India.

## **RESEARCH METHODOLOGY**

The basic purpose of this paper has put light on the challenges to be countered and the opportunities are be capitalized on startup entrepreneurs. The data are gathered from various sources (secondary data); various research works are done by reputed journals, other relevant online application, and other information from both offline and online modes.

### **1. To study on fostering creativity and critical thinking of young minds**

Critical thinking in startups involves evaluating information, identifying pattern and making logical decision. It helps in evaluating risks associated with business decisions and allows for more strategic planning and finding out market condition and customer needs to generate innovative ideas and approach challenges with fresh perspective. Young generations are the powerful tool for the development of economy startups support and create an environment that values exploration and embarrasses learning opportunities.

### **2. To study on sources of startup financing in India**

Startup can secure finance through various sources for self-funding by using personal savings, subsidies and grants from the government of India. Venture capital is the main source of fund for rising small amount of money from large number of people.

#### **2.1 The government schemes for startups**

2.1.1 Mudra loan scheme

2.1.2 MSMEs business loan in 59 minutes

2.1.3 The credit guarantee scheme

2.1.4 Stand up India scheme

2.1.5 Coir udyami yojana

2.1.6 Credit line capital subsidy scheme

2.1.7 National small industries corporation subsidy

### **2.1.1 Mudra loan scheme**

It was introduced by Finance Minister of India Arun Jetely in the year 2015, under the chairmanship of Prime Minister Narendra Modi to support for young new entrepreneurs which provides credit facility up to 10 lakhs. There are two wings in Mudra loans MCS Micro Credit Scheme, up to 1 lakh finance.

### **2.1.2 MSMEs business loan in 59 minutes**

MSMEs business loans in 59 minutes to meet the requirement of fast growing minds the government of India introduced online MSME business loan 59 minutes in November 2018. Its collateral free term loan for MSMEs from 1 lakh to 5 crore.

### **2.1.3 The credit guarantee scheme**

Credit guarantee scheme aimed at strengthens the flow of credit to MSMEs sector and create access of finance to unprivileged will also be restricted to credit of 500 lakh to an eligible borrower. It was introduced in the year 2000.

### **2.1.4 Stand up India scheme**

The aim of standup scheme is to facilitate credit of SC and ST from 10 lakh to 1 crore in the year 2016 to promote entrepreneur under the chairman.

### **2.1.5 Coir udyami yojana**

It is credit linked scheme on coir units to support state of the art for creating more employment opportunities. The scheme is more focused on women in rural areas, introduced by the central

government in the year 2003, beneficiaries' jute entrepreneur, to encourage the jute industry's development.

### **2.1.6 Credit line capital subsidy scheme**

The objective of the scheme is to create production of small scale industries by offering capital subsidy; it was introduced in the year 2000 by government of India. The scheme helps for upgrading technology for industrial sector.

### **2.1.7 National Small Industries Corporation Subsidy (NSICS)**

It was introduced in the year 1955 under the chairmanship of ministry of MSMEs, Sri Narayana Tatu Rane and shri Bhanu prathap singh Varma. It mainly concentrates on providing financial assistance to MSMEs to meet requirement of working capital.

## **2.2 Sources of funds for startups**

### **2.2.1 Venture capital firms**

### **2.2.2 Government grants**

### **2.2.3 Credit guarantee**

### **2.2.4 Angel investors**

### **2.2.5 Bank and financial institutions**

### **2.2.6 Personal savings**

### **2.2.1 Venture capital firms**

Venture capitals are the investors who provide financial facilities to newly established companies. Venture capital will be provided in exchange for equity for equity linked instruments. It also provides financial support to the new companies having perused potential growth.

### **2.2.2 Government grants**

A government grant is provided by central and state government and these grants are available to the companies after the fulfillment of certain milestone.

### **2.2.3 Credit guarantee**

Credit guarantee scheme for startups, Atal innovation mission (AIM), Pradhan mantra mudra yojana (PMMY) are few government schemes for startups in India.

### **2.2.4 Angel investors**

Angel investors are high network individuals with rich experience or a family connection. These investors have excess of cash and they are willing to invest in the new venture. Active angel investors in India are Kunal Bahl, Anupam Mittal, Binny Bansal and, Jitendra Gupa.

### **2.2.5 Bank and financial institutions**

Finance is the life blood of business, financial institutions providing credit facilities for the development of startups in India. Loans provided by banks and financial institutions are a regular source of funding for startups.

### **2.2.6 Personal savings**

This is the most successful source of fund which comes directly from the personal saving account of the entrepreneur. Regular incomes, investment return gifts and cash price sources of funds for personal savings.

## **FINDINGS**

1. People are not completely aware of governmental schemes.
2. Increasing competition
3. Lack of financial assistance and marketing condition

4. Lack of associations with venture capitalist
5. Lowering down of startup companies by the multi-national companies.
6. Demotivating from family members curb the less encouragements
7. Less number of incubation centers for startups

## **SUGGESTIONS**

1. Educate the people on various governmental schemes to support the startups.
2. Adapt the new strategies to understand ideas and techniques of competitors in the current market.
3. Effective utilization of available financial resources
4. Better coordination with large enterprises
5. Encourage and establishment of incubation centers to support for startups.
6. Facilitates continent to get loans and grants for startups.

## **CONCLUSION**

The emergence of startups in India “unicorn statue” has inspired people to have confident, attracted towards it and grabbed attention of the market. Adoption of valid new technologies, hidden talents, government of India has introduced various schemes to provide support for the development of startups in India. There are uncontrollable sources of finance for startup, and also provide light to many talented people in search of work. The startups should give importance to innovations, Education, and holistic development while also considers scalability and sustainability. A clear model and a strong team with diverse expertise is essential for a long term success, and also the government has taken significant approach activities with a strong development plan.

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