A PROJECT REPORT ON

“A STUDY ON FINANCIAL PROBLEM FACED BY THE STARTUP”

A Project Submitted to

University of Mumbai for Partial Completion of the Degree

of Bachelor in Commerce (Accounting and finance)

Under the Faculty of Commerce

By

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T.Y.B.A.F (SEMESTER – VI)

PRN NO.:

Under the Guidance of

‘ASST. PROF. DR. KISHOR CHAUHAN’

JNAN VIKAS MANDAL’S

Mohanlal Raichand Mehta College of Commerce

Diwali Maa College of Science

Amritlal Raichand Mehta College of Arts

Dr. R.T. Doshi College of Computer Science

NAAC Re-Accredited Grade 'A+' (CGPA : 3.31) (3rd Cycle)

Sector-19, Airoli, Navi Mumbai, Maharashtra 400708

FEBRUARY, 2024.

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CERTIFICATE

This is to certify that **MR.** ***GAURAV RAMBHAU LANDE*** has worked and duly completed his Project work for the degree of Bachelor in Commerce (Accounting and Finance) under the Faculty of Commerce in the subject of **Accounting and finance** and his project is entitled, **"*A STUDY ON FINANCIAL PROBLEM FACED BYTHE STARUP*"**. Under my supervision.

I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.

It is his own work and fact reported by his personal finding and investigations.

Guiding Teacher,

ASST. PROF. DR. KISHOR CHAUHAN.

Date of submission:

DECLARATION

I the undersigned **MR.** ***GAURAV RAMBHAU LANDE*** here by, declare that the work embodied in this project work titled **"*A STUDY ON FINANCIAL PROBLEM FACED BY THE STARUP*"**, forms my own contribution to the research work carried out by me under the guidance of **ASST. PROF. DR. KISHOR CHAUHAN** is a result of my own research work and has been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

(***GAURAV RAMBHAU LANDE***)

Certified by:

ASST. PROF. DR. KISHOR CHAUHAN.

ACKNOWLEDGEMENT

To list who all have helped me is difficult because they are so numerous and the depth is so enormous.

I would like to acknowledge the following as being idealistic channels and fresh dimensions in the completion of this project.

I take this opportunity to thank the **University of Mumbai** for giving me chance to do this project.

I would like to thank my **I/C Principal, Dr.B.R.Deshpande Sir** for providing the necessary facilities required for completion of this project.

I take this opportunity to thank our **Coordinator** for their moral support and guidance.

I would also like to express my sincere gratitude towards my project guide **Asst. Prof. DR. Kishor Chauhan** whose guidance and care made the project successful.

I would like to thank my **College Library**, for having provided various reference books and magazines related to my project.

Lastly, I would like to thank each and every person who directly or indirectly helped me in the completion of the project especially **my Parents and Peers** who supported me throughout my project.

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1. INTRODUCTION TO THE COMPANY.

1.1 Definition of Start-up:

A startup is an entrepreneurial venture in the early stages of operations, typically created for resolving real-life problems. As many startups solve society's needs, they attract investors and funders because of the tremendous growth opportunities. If you have an interest in working in a startup, understanding everything about a startup can be beneficial to make an informed decision. In this article, we answer "What is a startup?", explore its types, understand the factors that affect the operations of a startup and discover a few advantages of a startup.

The answer to the question, "What is a startup?" is that it is a new business venture providing services or products to an existing and growing market. A startup is in the first stage of operations and comprises one or more entrepreneurs. The primary aim is to answer market demand by creating new and innovative products or services. While most small businesses might intend to stay small, a startup focuses on fast growth in a designated market. Usually, such companies start as an idea and gradually grow into a viable product, service or platform.

Startups begin with high costs and have limited revenue. Also, they do not have a developed business model and lacks adequate capital to move to the next phase. As a result, these companies seek funding from various sources, such as venture capitalists, angel investors and banks. Investors or lenders might offer additional funds for a share of future profits and partial ownership. Often, these companies use seed capital for investing in research and developing business plans. Research helps them determine the demand for a specific product and a business plan outlines the company's goals and marketing strategies.

1.2 Start-up India Initiative by Government of India.

Startup India is an initiative of the government of India. The campaign was first announced by Indian prime minister, Narendra Modi during his speech on 15 August 2015. The action plan of this initiative is focusing on three areas:

1. Simplification and Handholding.
2. Funding Support and Incentives.
3. Industry-Academia Partnership and Incubation.

An additional area relating to this initiative is to discard restrictive States Government policies within this domain, such as license raj, Land Permissions, Foreign Investment Proposals, and Environmental Clearances. It was organized by The Department for promotion of industry and internal trade.

A startup defined as an entity that is headquartered in India, which was opened less than 10 years ago, and has an annual turnover less than ₹100 crore (US$13 million).Under this initiative, the government has already launched the I-MADE program, to help Indian entrepreneurs build 10 lakh (1 million) mobile app start-ups, and the MURBAD bank scheme (Pradhan Mantri Mudra Yojana), an initiative which aims to provide micro-finance, low-interest rate loans to entrepreneurs from low socioeconomic backgrounds. Initial capital of ₹20,000 crore (equivalent to ₹240 billion or US$3.0 billion in 2020) has been allocated for this scheme.

SoftBank which is headquartered in Japan has invested US$2 billion into Indian startups. The Japanese firm has pledged to invest US$10 billion. Google declared to launch a startup, based on the highest votes in which the top three startups will be allowed to join the next Google Launchpad Week, and the final winner could win an amount of US$100,000 in Google cloud credits. Oracle on 12 February 2016 announced that it will establish nine incubation centers in Bengaluru, Chennai, Gurgaon, Hyderabad and Vijayawada . Rs 1000 crore funds of fund for startups are reserved for women-led startups.

On fifth anniversary of the Startup India initiative, P M Modi announces Rs 1,000 crore 'Startup India Seed Fund`.

The Ministry of Human Resource Development and the Department of Science and Technology have agreed to partner in an initiative to set up over 75 such startup support hubs in the National Institutes of Technology (NITs), the Indian Institutes of Information Technology (IIITs), the Indian Institutes of Science Education and Research (IISERs) and National Institutes of Pharmaceutical Education and Research (NIPERs).

The Department for Promotion of Industry and Internal Trade (DPIIT) is mandated to coordinate implementation of Startup India initiative with other Government Departments. Apart from DPIIT, the initiatives under Startup India are driven primarily by five Government Departments viz. Department of Science and Technology (DST), Department of Bio-technology (DBT), Ministry of Human Resource Development (MHRD), Ministry of Labor and Employment, Ministry of Corporate Affairs (MCA) and NITI Aayog. Government of India has made fast paced efforts towards making the vision of Startup India initiative a reality. Substantial progress has been made under the Startup India initiative, which has stirred entrepreneurial spirit across the country.

The Reserve Bank of India said it will take steps to help improve the ‘ease of doing business’ in the country and contribute to an ecosystem that is conducive for the growth of start-up businesses.

Proactive action from state and central government is spurring growth and fostering the entrepreneurial culture in the country. The government initiatives and policies are creating a favorable environment for startups, enabling expansion of infrastructure, co-working spaces, incubators, accelerators and in certain cases access to funding and market

- **Some of the best Start ups of 2022 in India.**
- CRED.
- Vernacular.ai.
- Pharm Easy.
- Digit Insurance.
- Meesha.
- Grow.
- Nika.
- Udaan.

1.3 Startup Company:

A startup company is a newly formed business with particular momentum behind it based on perceived demand for its product or service. The intention of a startup is to grow rapidly as a result of offering something that addresses a particular market gap.

There are no fixed parameters on what type of company can be considered a startup, but the term most frequently applies to high-tech companies creating products that leverage technology to offer something new or to perform an existing task in a novel way.

Many startup companies don't have products for sale, and many do not have a revenue stream.

Similarly, there are no firm rules on when a startup ceases to be considered a startup. Some suggest a startup stop being one when it hits a certain size, completes its path to profitability, receives a high level of investment funds, becomes a public company or is acquired by a larger corporation.

1.1 Here are the 19 plans Modi has for start-ups:

1. **Self-certification:**

The start-ups will adopt self-certification to reduce the regulatory liabilities. The self-certification will apply to laws including payment of gratuity, labor contract, provident fund management, water and air pollution acts.

2. **Start-up India hub**:

An all-India hub will be created as a single contact point for start-up foundations in India, which will help the entrepreneurs to exchange knowledge and access financial aid.

3. **Register through app:**

An online portal, in the shape of a mobile application, will be launched to help start-up founders to easily register. The app is scheduled to be launched on April 1.

4. Patent protection:

A fast-track system for patent examination at lower costs is being conceptualized by the central government. The system will promote awareness and adoption of the Intellectual Property Rights (IPRs) by the start-up foundations.

5. **Rs 10,000 crore fund:**

The government will develop a fund with an initial corpus of Rs 2,500 crore and a total corpus of Rs 10,000 crore over four years, to support upcoming start-up enterprises. The Life Insurance Corporation of India will play a major role in developing this corpus. A committee of private professionals selected from the start-up industry will manage the fund.

6. **National Credit Guarantee Trust Company:**

A National Credit Guarantee Trust Company (NCGTC) is being conceptualized with a budget of Rs 500 crore per year for the next four years to support the flow of funds to start-ups.

7. **No Capital Gains Tax:**

At present, investments by venture capital funds are exempt from the Capital Gains Tax. The same policy is being implemented on primary-level investments in start-ups.

8. **No Income Tax for three years:**

Start-ups would not pay Income Tax for three years. This policy would revolutionize the pace with which start-ups would grow in the future.

9. **Tax exemption for investments of higher value:**

In case of an investment of higher value than the market price, it will be exempt from paying tax

10. **Building entrepreneurs:**

Innovation-related study plans for students in over 5 lakh schools. Besides, there will also be an annual incubator grand challenge to develop world class incubators.

11. **Atal Innovation Mission:**

The Atal Innovation Mission will be launched to boost innovation and encourage talented youths.

12. **Setting up incubators:**

A private-public partnership model is being considered for 35 new incubators and 31 innovation centers at national institutes.

13. **Research parks:**

The government plans to set up seven new research parks, including six in the Indian Institute of Technology campuses and one in the Indian Institute of Science campus, with an investment of Rs 100 crore each.

14. **Entrepreneurship in biotechnology:**

The government will further establish five new biotech clusters, 50 new bio incubators, 150 technology transfer offices and 20 bio-connect offices in the country.

15. **Dedicated program in schools:**

The government will introduce innovation-related program for students in over 5 lakh schools.

16. **Legal support:**

A panel of facilitators will provide legal support and assistance in submitting patent applications and other official documents.

17. Rebate:

A rebate amount of 80 percent of the total value will be provided to the entrepreneurs on filing patent applications.

18. Easy rules:

Norms of public procurement and rules of trading have been simplified for the startups.

19. Faster exit:

If a start-up fails, the government will also assist the entrepreneurs to find suitable solutions for their problems. If they fail again, the government will provide an easy way out.

Special Considerations

There are a number of different factors that entrepreneurs must think of as they try to get their startups off the ground and begin operations. We've listed some of the most common ones below.

Location

Location can make or break any business. And it's often one of the most important considerations for anyone starting up in the business world. Startups must decide whether their business is conducted online, in an office or home office, or in a store. The location depends on the product or service being offered.

For example, a technology startup selling virtual reality hardware may need a physical storefront to give customers a face-to-face demonstration of the product's complex features.

Legal Structure

Startups need to consider what legal structure best fits their entity. A sole proprietorship is suited for a founder who is also the key employee of a business. Partnerships are a viable legal structure for businesses that consist of several people who have joint ownership, and they're also fairly straightforward to establish. Personal liability can be reduced by registering a startup as a limited liability company (LLC).

Funding

Startups often raise funds by turning to family and friends or by using venture capitalists. This is a group of professional investors that specialize in funding startups. Crowdfunding has become a viable way for many people to get access to the cash they need to move forward in the business process. The entrepreneur sets up a crowdfunding page online, allowing people who believe in the company to donate money.

Startups may use credit to commence their operations. A perfect credit history may allow the startup to use a line of credit as funding. This option carries the most risk, particularly if the startup is unsuccessful. Other companies choose small business loans to help fuel growth. Banks typically have several specialized options available for small businesses—a microloan is a short-term, low-interest product tailored for startups. A detailed business plan is often required in order to qualify.

Advantages and Disadvantages of Startups

There are a variety of advantages to working for a startup. More responsibility and opportunities to learn are two. As startups have fewer employees than large, established companies, employees tend to wear many hats, working in a variety of roles, which leads to more responsibility as well as opportunities to learn.

Startups tend to be more relaxed in nature, making the workplace more of a communal experience, with flexible hours, increased employee interaction, and flexibility. Startups tend to also have better workplace benefits, such as nurseries for children, free food, and shorter workweeks.

The work at startups can also be more rewarding as innovation is welcomed and managers allow talented employees to run with ideas with little supervision.

One of the primary disadvantages of a startup is increased risk. This primarily applies to the success and longevity of a startup. New businesses need to prove themselves and raise capital before they can start turning a profit. Kipping investors happy with the startup's progress is critical. The risk of shutting down or not having enough capital to continue operations before turning a profit is ever-present.

Long hours are characteristic of startups as everyone is working toward the same goal—to see the startup succeed. This can lead to high-stress moments and sometimes compensation that isn't commensurate with the hours worked. Competition is also always high as there tend to be a handful of startups working on the same idea.

Examples of Startups

Dotcoms were a common startup in the 1990s. Venture capital was extremely easy to obtain during this time due to a frenzy among investors to speculate on the emergence of these new businesses. Unfortunately, most of these internet startups eventually went bust due to major flaws in their business plans, such as lacking a path to sustainable revenue. However, a handful of companies survived when the dotcom bubble burst. Amazon (AMZN) and eBay (EBAY) are just two examples.

Many startups fail within the first few years. That's why this initial period is important. Entrepreneurs need to find money, create a business model and business plan, hire key personnel, work out intricate details such as equity stakes for partners and investors, and plan for the long run. Many of today's most successful companies—Microsoft (MSFT), Apple (AAPL), and Meta (META), formerly Facebook, to name a few—began as startups and ended up becoming publicly traded company.

1.4 Entrepreneurship:

Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses.

In economics, entrepreneurship connected with land, labor, natural resources and capital can generate a profit. The entrepreneurial vision is defined by discovery and risk-taking and is an indispensable part of a nation's capacity to succeed in an ever-changing and more competitive global marketplace.

Entrepreneurship is one of the resources economists categorize as integral to production, the other three being land/natural resources, labor, and capital. An entrepreneur combines the first three of these to manufacture goods or provide services. They typically create and business plan hire labor, acquire resources and financing, and provide leadership and management for the business.

Economists have never had a consistent definition of "entrepreneur" or "entrepreneurship" (the word "entrepreneur" comes from the French verb *entreprenerd*, meaning "to undertake"). Though the concept of an entrepreneur existed and was known for centuries, the classical and ecological economist left entrepreneurs out of their formal models: They assumed that perfect information would be known to fully rational actors, leaving no room for risk-taking or discovery. It wasn't until the middle of the 20th century that economists seriously attempted to incorporate entrepreneurship into their models.

2. LITERATURE REVIEW.

2.1 <u>The Imperfect Education System and Conservative Lifestyle</u>.

The education system is one of hindrance for startups. In college, students are usually trained with advanced techniques but lack of marketing, sales and operational ability and leadership skills needed to advance their own enterprises. In addition, conservative lifestyle also contributes as one of obstacles. As a culture of family remains, family remains skeptical to change and prefer options that are able to provide a steady income rather than engaging risk. This places pressure on the budding entrepreneur who fall victim to the dichotomy of providing for the family instead of following some “whimsical” dream (Au & Kwan, 2009).

2.2 Lack of Support Networks and Entrepreneurship Ecosystem.

One of the major challenges is that there is severe shortage of startup support networks and entrepreneurship ecosystems. In many western countries, there are special institutions serve as incubators, startup accelerators, startup competitions for entrepreneurs to put their ideas to test and obtain necessary guidance. In India, incubators, startup accelerators, and startup competitions are slowly making their way into the first-tier cities, but there truly are not enough to go around. As a result of this shortage, many startups fail at the “idea” stage of their business. The ecosystem usually does not directly provide funding to start-ups; they just serve as platforms that link investors and entrepreneurs so that entrepreneurs can obtain necessary funding to test out their ideas. The lack of these facilities makes it more difficult for entrepreneurs to find investors. In return, investors are more difficult to find entrepreneurs as well. Even if entrepreneurs are able to find investors, they will face an entirely different set of challenges. Indian culture inherently does not promote entrepreneurship. Conversely, it encourages stability, employment at large state-owned or private organizations and, above all, teaches people to be risk averse. Even if young Indian individuals have intention to start their own business, their family usually places a considerable amount of negative pressure on them to forget entrepreneurship and look for a “stable job” stable.

2.3 India lacks enough angel investors to fund start-ups.

Unlike the West, India does not have an adequate number of angel investors who can fuel the growth of the country's thriving start-up ecosystem, industry body NASSCOM has said. "For a successful start-up ecosystem there is a need for enough angel investors who can support budding entrepreneurs from an early stage. But this is not happening in India and there is a serious lack of it," NASSCOM Vice-President Rajat Tandon told PTI. "High net-worth individuals and corporate executives, among others, should come forward and participate in this growth story," he said. A recent report by NASSCOM had said India ranks third among global start-up ecosystems, with more than 4,200 new-age companies. Tandon said, "The case is very different in countries like the US. People are just waiting to invest in good companies.

We should also have something like that." "Mainly, investors (in India) are afraid because there is a high risk of failure in these investments and also there is a lack.

Policy on such investments," he added. "Why will investors put money in such companies? They need tax benefits and a number of other things to put in their money. We have already written about these things to the Government and I am sure we can expect something by the year-end," he said. In his Independence Day speech, Prime Minister Narendra Modi had announced a new campaign „Start-up India; Stand up India" to promote bank financing for start-ups and offer incentives to boost entrepreneurship and job creation in the country. "At NASSCOM, we are not only encouraging investors but also asking people to mentor start-ups. Like someone has a design business, they can help start-ups develop UIs and guide them in the process. In return they take some equity," he said. "And there are people like Ratan Tata and Azim Premji, who are making a slew of investments and helping these young entrepreneurs. They are the inspiration," he said. Ratan Tata has invested in a number of companies including Ola, Snapdeal, Paytm, Urban Ladder, and Bluestone. Wipro boss Azim Premji has funded companies such as Myntra and Amai, among others, through his investment arm Premji Invest.

2.4 Human Talent.

Compared to large mature enterprises, small startups are in an exponentially more difficult dilemma and encountering much severe challenging in recruiting due to the reason that it cannot pay high salary to its employees or offer any career development opportunities aside from building their business from the ground up. What is worse is that working for a startup in China is far less glamorous than working for a startup in the west due to culture differences. It is a disaster for a company who needs to execute on their business plan with minimal errors to just survive the month.

2.1 <u>Women Entrepreneur</u>:

Melanin Verve Erin, Women entrepreneurs are a vital source of growth that can power our economies for decades, yet they face tremendous challenges to their full economic participation. The GEM Women ‘s Report provides important data which is critical to our understanding of women-run SMEs. V Krishnamoorthy and R Balasubramanian, identified the important women entrepreneurial motivation factors and its impact on entrepreneurial success. The study identified ambition, skills and knowledge, family support, market opportunities, independence, government subsidy and satisfaction are the important entrepreneurial motivational factors. The study also concluded that ambition knowledge and skill independence dimensions of entrepreneurial motivational has significant impact on entrepreneurial success.

Albert, (2000) performed a study to explore the role of women entrepreneurs in a global economy. It also examined how women ‘s business associations can strengthen women ‘s position in business and international trade. The analysis is performed on the basis of facts and data collected through field work (surveys, focus groups and interviews) and through examining the existing published research. The study has shown that the women business owners are making significant contributions to global economic health, national competitiveness and community commerce by bringing many assets to the global market. Bowen & Hirsch, (1986), compared & evaluated various research studies done on entrepreneurship including women entrepreneurship. Its summaries various studies in this way that female entrepreneurs are relatively well educated in general but perhaps not in management skills, high in internal locus of control, more masculine, or instrumental than other women in their values likely to have had entrepreneurial fathers, relatively likely to have first born or only children, unlikely to start business in traditionally male dominated industries & experiencing a need of additional managerial training. Singh, (2008), identifies the reasons & influencing factors behind entry of women in entrepreneurship. He explained the characteristics of their businesses in Indian context and also obstacles & challenges. He mentioned the obstacles in the growth of women entrepreneurship are mainly lack of interaction with successful entrepreneurs, social un-acceptance as women entrepreneurs, family responsibility, gender discrimination, missing network, low priority given by bankers to provide loan to women entrepreneurs. He suggested the remedial measures like promoting micro enterprises, unlocking institutional frame work, projecting & pulling to grow & support the winners etc. The study advocates for ensuring synergy among women related ministry, economic ministry & social & welfare development ministry of the Government of India.

3. RESEARCH METHODOLOGY.

3.1 Objectives.

(A) Meaning:

Research methodology simply refers to the procedure or plan of action for conducting a research. It defines techniques and tools used to collect, process and analyze data regarding the research topic.

Research methodologies tell the systematic method for acquiring data and studying it for deriving out crucial findings. This is an important process that helps in solving problems and making business decisions. It enables management for properly organizing their efforts in a right direction for generating an idea.

(B) Characteristics:

Research is a process of collecting, analyzing and interpreting information to answers. But to complete the process it must have certain characteristics, which are as follows:

1. **Controlled:** It means exploring casualty in the relation of two factors. In simpler words, it can be stated that one must set his study in such a way that minimizes the other factors affecting the relationship.

2. **Rigorous:** You must be careful in ensuring the procedures used to find the answers to the questions are relevant, justified & appropriate. The degree of rigor varies between physical and social science.

3. **Systematic:** The procedure adopted to take an investigation should follow a certain logical sequence. Some procedure must follow others.

4. **Valid & verifiable:** Whatever you conclude on the basis of your findings is correct and can be verified by you and others.

5. **Empirical:** Any conclusion drawn should be based on the data gathered from information based on life experiences or observations.

6. **Critical:** The process of investigation must be foolproof and free from drawbacks. The process adopted and the procedures used must be able to withstand critical scrutiny

For a process to be called research, it is imperative that it has the above characteristics.

C) Objectives of the study are as follows:

1. To study the financial problems faced by the startups in India.
2. To Study the Women entrepreneurs in India.

3. To Find out the reasons behind few or limited startups in India.
4. To Highlight the importance of financing agency for startups in India.
5. To understand the Entrepreneurial development plan.

3.2 Data Collection Method:

The Data collected in this research project is based on primary and secondary data. The facts and figures and taken from different sources.

(A) Meaning of primary data.

Primary data is a type of data that is collected by researchers directly from main sources through interviews, surveys, experiments, etc. Primary data are usually collected from the source—where the data originally originates from and are regarded as the best kind of data in research.

The sources of primary data are usually chosen and tailored specifically to meet the demands or requirements of particular research. Also, before choosing a data collection source, things like the aim of the research and target population need to be identified.

For example, when doing a market survey, the goal of the survey and the sample population need to be identified first. This is what will determine what data collection source will be most suitable—an offline survey will be more suitable for a population living in remote areas without an internet connection compared to online surveys.

(B) Data Collection methods. **1. Interviews**

An interview is a method of data collection that involves two groups of people, where the first group is the interviewer (the researcher(s) asking questions and collecting data) and the interviewee (the subject or respondent that is being asked questions). The questions and responses during an interview may be oral or verbal as the case may be.

Interviews can be carried out in 2 ways, namely; in-person interviews and telephonic interviews. An in-person interview requires an interviewer or a group of interviewers to ask questions from the interviewee in a face-to-face fashion.

It can be direct or indirect, structured or structure, focused or unfocused, etc. Some of the tools used in carrying out in-person interviews include a notepad or recording device to take note of the conversation—very important due to human forgetful nature.

On the other hand, telephonic interviews are carried out over the phone through ordinary voice calls or video calls. The 2 parties involved may decide to use video calls like Skype to carry out interviews.

A mobile phone, Laptop, Tablet, or desktop computer with an internet connection is required for this.

Pros

- In-depth information can be collected.
- Non-response and response bias can be detected.
- The samples can be controlled.

Cons

- It is more time-consuming.
- It is expensive.
- The interviewer may be biased.

2. *Surveys & Questionnaires*

Surveys and questionnaires are 2 similar tools used in collecting primary data. They are a group of questions typed or written down and sent to the sample of study to give responses.

After giving the required responses, the survey is given back to the researcher to record. It is advisable to conduct a pilot study where the questionnaires are filled by experts and meant to assess the weakness of the questions or techniques used.

There are 2 main types of surveys used for data collection, namely; online and offline surveys. Online surveys are carried out using internet-enabled devices like mobile phones, PCs, Tablets, etc.

They can be shared with respondents through email, websites, or social media. Offline surveys, on the other hand, do not require an internet connection for them to be carried out.

The most common type of offline survey is a paper-based survey. However, there are also offline surveys like Form plus that can be filled with a mobile device without access to an internet connection.

This kind of survey is called online-offline surveys because they can be filled offline but require an internet connection to be submitted.

Pros

- Respondents have adequate time to give responses.
- It is free from the bias of the interviewer.
- They are cheaper compared to interviews.

Cons

- A high rate of non-response bias.
- It is inflexible and can’t be changed once sent.
- It is a slow process.

3. *Observation*

The observation method is mostly used in studies related to behavioral science. The researcher uses observation as a scientific tool and method of data collection. Observation as a data collection tool is usually systematically planned and subjected to checks and controls.

There are different approaches to the observation method—structured or unstructured, controlled or uncontrolled, and participant, non-participant, or disguised approach.

The structured and unstructured approach is characterized by careful definition of subjects of observation, style of observer, conditions, and selection of data. An observation process that satisfies this is said to be structured and vice versa.

A controlled and uncontrolled approach signifies whether the research took place in a natural setting or according to some pre-arranged plans. If an observation is done in a natural setting, it is uncontrolled but becomes controlled if done in a laboratory.

Before employing a new teacher, academic institutions sometimes ask for a sample teaching class to test the teacher's ability. The evaluator joins the class and observes the teaching, making him or her a participant.

The evaluation may also decide to observe from outside the class, becoming a non-participant. An evaluator may also be asked to stay in class and disguise as a student, to carry out a disguised observation.

Pros

- The data is usually objective.
- Data is not affected by past or future events.

Cons

- The information is limited.
- It is expensive

***4.** Focus Groups*

Focus Groups are gathering of 2 or more people with similar characteristics or who possess common traits. They seek open-ended thoughts and contributions from participants.

A focus group is a primary source of data collection because the data is collected directly from the participant. It is commonly used for market research, where a group of market consumers engages in a discussion with a research moderator.

It is slightly similar to interviews, but this involves discussions and interactions rather than questions and answers. Focus groups are less formal and the participants are the ones who do most of the talking, with moderators there to oversee the process.

Pros

- It incurs a low cost compared to interviews. This is because the interviewer does not have to discuss with each participant individually.
- It takes lesser time too.

Cons

- Response bias is a problem in this case because a participant might be subjective to what people will think about sharing a sincere opinion.
- Group thinking does not clearly mirror individual opinions.

5. Experiments

An experiment is a structured study where the researchers attempt to understand the causes, effects, and processes involved in a particular process. This data collection method is usually controlled by the researcher, who determines which subject is used, how they are grouped, and the treatment they receive.

During the first stage of the experiment, the researcher selects the subject which will be considered. Therefore, some actions are carried out on these subjects, while the primary data consisting of the actions and reactions are recorded by the researcher.

After which they will be analyzed and a conclusion will be drawn from the result of the analysis. Although experiments can be used to collect different types of primary data, it is mostly used for data collection in the laboratory.

Pros

- It is usually objective since the data recorded are the results of a process.
- Non-response bias is eliminated.

Cons

- Incorrect data may be recorded due to human error.
- It is expensive.

C) Advantages of Primary Data over Secondary Data.

When discussing the advantages of primary data over secondary data, a lot of examples can be sighted. This is because primary data has vast uses in research, statistics, and even business.

- **Specific**

Collecting your own data allows you the freedom to address issues specific to your business, or research aim. In this case, the data collected is exactly what the researcher wants and needs.

The researcher reports it in a way that benefits the current situation of the organization or research. For example, when doing market research for a product, the data collected will be specifically for the product in question.

- **Accurate:**

Primary data is much more accurate compared to secondary data. For example, when collecting statistical data from online sources, you are at risk of coming across false data.

This is because the data available online is not regulated, unlike the data you collect yourself. This is very common in journalism, where blogs share unverified and exaggerated information just to gain cheap traffic.

- **Ownership**

The data collected through a primary source is usually owned by the researcher, who may choose to either share or not share with others. In the market research example stated earlier, researchers may keep the results to themselves and not give access to their competitors who may want to use the information.

Also, a researcher can choose to sell the data to make a huge amount of money because they own it.

- **Up to date information**

The data collected from primary sources are up-to-date, unlike that of the secondary sources. It collects data in real-time and does not take information from stale and outdated sources.

For example, when the population of a community is something that continues to fluctuate as people die and children are born. Going by the National Census, one may not get accurate results of the population, and can only settle for estimates.

- **Control**

A researcher can easily control the research design and methods to be used. As a researcher, you can choose which subject to consider, and also control how the information is gathered.

There are no limitations to the kind and amount of data that can be generated by the researcher. **D)**

Disadvantages of Primary Data.

- **Expensive**

Compared to secondary data, the data collection process for primary data is very expensive. No matter how little the research is, at least one professional researcher will need to be employed to carry out the research. Also, the research process itself may cost some amount of money. How expensive it is, will be determined by which method is used in carrying out the research.

- **Time-consuming**

Going from the starting point of deciding to perform the research, to the point of generating data, the time is much longer compared to the time it takes to acquire secondary data. Each stage of the primary data collection process requires much time for execution.

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- **Feasibility**

It is not always feasible to carry out primary research because of the volume and unrealistic demands that may be required. For example, it will be unrealistic for a company to do a census of the people living in a community, just to measure the size of their target market.

A more sensible thing to do in this case will be to use the data of the recorded census to know the demography of people in that community. **E) Meaning of Secondary Data.**

Secondary data is the data that has already been collected through primary sources and made readily available for researchers to use for their own research. It is a type of data that has already been collected in the past.

A researcher may have collected the data for a particular project, then made it available to be used by another researcher. The data may also have been collected for general use with no specific research purpose like in the case of the national census.

Data classified as secondary for particular research may be said to be primary for another research. This is the case when data is being reused, making it primary data for the first research and secondary data for the second research it is being used for. **F) Sources of Secondary Data.**

Sources of secondary data include books, personal sources, journals, newspapers, websites, government records etc. Secondary data are known to be readily available compared to that of primary data. It requires very little research and needs for manpower to use these sources.

With the advent of electronic media and the internet, secondary data sources have become more easily accessible. Some of these sources are highlighted below.

- **Books**

Books are one of the most traditional ways of collecting data. Today, there are books available for all topics you can think of. When carrying out research, all you have to do is look for a book on the topic being researched, then select from the available repository of books in that area. Books, when carefully chosen are an authentic source of authentic data and can be useful in preparing a literature review.

- **Published Sources**

There are a variety of published sources available for different research topics. The authenticity of the data generated from these sources depends majorly on the writer and publishing company.

Published sources may be printed or electronic as the case may be. They may be paid or free depending on the writer and publishing company's decision.

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- **Unpublished Personal Sources**

This may not be readily available and easily accessible compared to the published sources. They only become accessible if the researcher shares with another researcher who is not allowed to share it with a third party.

For example, the product management team of an organization may need data on customer feedback to assess what customers think about their product and improvement suggestions. They will need to collect the data from the customer service department, which primarily collected the data to improve customer service.

- **Journal**

Journals are gradually becoming more important than books these days when data collection is concerned. This is because journals are updated regularly with new publications on a periodic basis, therefore giving to date information.

Also, journals are usually more specific when it comes to research. For example, we can have a journal on, “Secondary data collection for quantitative data” while a book will simply be titled, “Secondary data collection”.

- **Newspapers**

In most cases, the information passed through a newspaper is usually very reliable. Hence, making it one of the most authentic sources of collecting secondary data.

The kind of data commonly shared in newspapers is usually more political, economic, and educational than scientific. Therefore, newspapers may not be the best source for scientific data collection.

- **Websites**

The information shared on websites is mostly not regulated and as such may not be trusted compared to other sources. However, there are some regulated websites that only share authentic data and can be trusted by researchers.

Most of these websites are usually government websites or private organizations that are paid, data collectors.

- **Blogs**

Blogs are one of the most common online sources for data and may even be less authentic than websites. These days, practically everyone owns a blog, and a lot of people use these blogs to drive traffic to their website or make money through paid ads.

Therefore, they cannot always be trusted. For example, a blogger may write good things about a product because he or she was paid to do so by the manufacturer even though these things are not true.

- **Diaries**

They are personal records and as such rarely used for data collection by researchers. Also, diaries are usually personal, except for these days when people now share public diaries containing specific events in their life.

A common example of this is Anne Frank's diary which contained an accurate record of the Nazi wars.

- **Government Records**

Government records are a very important and authentic source of secondary data. They contain information useful in marketing, management, humanities, and social science research.

Some of these records include; census data, health records, education institute records, etc. They are usually collected to aid proper planning, allocation of funds, and prioritizing of projects.

- **Podcasts**

Podcasts are gradually becoming very common these days, and a lot of people listen to them as an alternative to radio. They are more or less like online radio stations and are generating increasing popularity.

Information is usually shared during podcasts, and listeners can use it as a source of data collection.

Some other sources of data collection include:

- Letters
- Radio stations
- Public sector records.

G) Advantages of Secondary Data.

- **Ease of Access**

Most of the sources of secondary data are easily accessible to researchers. Most of these sources can be accessed online through a mobile device. People who do not have access to the internet can also access them through print.

They are usually available in libraries, book stores, and can even be borrowed from other people.

- Inexpensive

Secondary data mostly require little to no cost for people to acquire them. Many books, journals, and magazines can be downloaded for free online. Books can also be borrowed for free from public libraries by people who do not have access to the internet.

Researchers do not have to spend money on investigations, and very little is spent on acquiring books if any.

- **Time-Saving**

The time spent on collecting secondary data is usually very little compared to that of primary data. The only investigation necessary for secondary data collection is the process of sourcing for necessary data sources.

Therefore, cutting the time that would normally be spent on the investigation. This will save a significant amount of time for the researcher

- **Longitudinal and Comparative Studies**

Secondary data makes it easy to carry out longitudinal studies without having to wait for a couple of years to draw conclusions. For example, you may want to compare the country's population according to census 5 years ago, and now.

Rather than waiting for 5 years, the comparison can easily be made by collecting the census 5 years ago and now.

- **Generating new insights**

When re-evaluating data, especially through another person's lens or point of view, new things are uncovered. There might be a thing that wasn't discovered in the past by the primary data collector, that secondary data collection may reveal.

For example, when customers complain about difficulty using an app to the customer service team, they may decide to create a user guide teaching customers how to use it. However, when a product developer has access to this data, it may be uncovered that the issue came from and UI/UX design that needs to be worked on.

H) Disadvantages of Secondary Data.

- **Data Quality:**

The data collected through secondary sources may not be as authentic as when collected directly from the source. This is a very common disadvantage with online sources due to a lack of regulatory bodies to monitor the kind of content that is being shared.

Therefore, working with this kind of data may have negative effects on the research being carried out.

- **Irrelevant Data:**

Researchers spend so much time surfing through a pool of irrelevant data before finally getting the one they need. This is because the data was not collected mainly for the researcher.

In some cases, a researcher may not even find the exact data he or she needs, but have to settle for the next best alternative.

- **Exaggerated Data**

Some data sources are known to exaggerate the information that is being shared. This bias may be some to maintain a good public image or due to a paid advert.

This is very common with many online blogs that even go a bead to share false information just to gain web traffic. For example, a FinTech startup may exaggerate the amount of money it has processed just to attract more customers.

A researcher gathering this data to investigate the total amount of money processed by FinTech startups in the US for the quarter may have to use this exaggerated data.

- **Outdated Information**

Some of the data sources are outdated and there are no new available data to replace the old ones. For example, the national census is not usually updated yearly.

Therefore, there have been changes in the country's population since the last census. However, someone working with the country's population will have to settle for the previously recorded figure even though it is outdated.

3.1 Women Entrepreneurs in India:

Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. The Government of India has defined women entrepreneurs as an enterprise owned and controlled by women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women‖. Women entrepreneurs engaged in business due to push and pull factors which encourage women to have an independent occupation and stands on their own legs. A sense towards independent decision-making on their life and career is the motivational factor behind this urge. With the change of time there is tremendous upliftment in the status of Indian women entrepreneur. Women entrepreneurs are gaining a strong hold in most of the developing countries including India, Brazil etc. Another recent trend is women are increasingly coming on the fore front in private and government business organizations and occupying the top positions everywhere- like Indra Nooyi, Chanda Kochhar, Shikha Sharma, Kiran Mazumdar Shaw, Naima Lal Kidwai, etc. Again, there is increased awareness and women entrepreneurs are increasingly finding easy to finance their business. Women entrepreneurs are also taking up issues of environmental changes too.

(A) Status of women entrepreneurs in India:

Entrepreneurship is considered as one of the most important factors contributing to the development of society. India has been ranked among the worst performing countries in the area of women entrepreneurship in gender-focused global entrepreneurship survey, released in July 2013 by PC maker Dell and Washington based consulting firm Global Entrepreneurship and Development Institute (GEDI). Of the 17 countries surveyed India ranks 16th, just above Uganda. Countries like Turkey, Morocco and Egypt has outperformed India. Status of higher education in women in India came out to be lower than most countries in the world. At present, women entrepreneurial role is limited in the large-scale industries and technology- based businesses. But even in small scale industries, the women's participation is very low. As per the third all-India census of Small-Scale Industries, only 10.11% of the micro and small enterprises were owned by women, and only 9.46% of them were managed by women. While the number of women operating their own business is increasing globally, women continue to face huge obstacles that stunt the growth of their businesses, such as lack of capital, strict social constraints, and limited time and skill.

(B) Reasons for becoming Women Entrepreneurs:

The glass ceilings are shattered and women are found indulged in every line of business. The entry of women into business in India is traced out as an extension of their kitchen activities, mainly 3P 's, Pickle, Powder and Pappas. But with the spread of education and passage of time women started shifting from 3P 's to modern 3E 's i.e., Energy, Electronics and Engineering. Skill, knowledge and adaptability in business are the main reasons for women to emerge into business ventures. Women Entrepreneur is a person who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life. With the advent of media, women are aware of their own traits, rights and also the work situations. The challenges and opportunities provided to the women of digital era are growing rapidly that the job seekers are turning into job creators. Many women start a business due to some traumatic event, such as divorce, discrimination due to pregnancy or the corporate glass ceiling, the health of a family member, or economic reasons such as a layoff. But a new talent pool of women entrepreneurs is forming today, as more women opt to leave corporate world to chart their own destinies. They are flourishing as designers, interior decorators, exporters, publishers, garment manufacturers and still exploring new avenues of economic participation.

(C) **Role of Government to develop Women Entrepreneurs in India:** Development of women has been a policy objective of the government since independence. Until the 70s the concept of women development was mainly welfare oriented. In 1970s, there was a shift from welfare approach to development approach that recognized the mutually reinforcing nature of the process of development. The 80s adopted a multidisciplinary approach with an emphasis on three core areas of health, education and employment. Women were given priorities in all the sectors including SSI sector. Government and non- government bodies have paid increasing attention to women economic contribution through self- employment and industrial ventures.

The First Five-Year Plan (1951-56) envisaged a number of welfare measures for women. Establishment of the Central Social Welfare Board, organization of Mahala Mandal's and the Community Development Programmed were a few steps in this direction.

In **the second Five-Year Plan (1956-61)**, the empowerment of women was closely linked with the overall approach of intensive agricultural development programmers.

The Third and Fourth Five-Year Plans (1961- 66 and 1969-74) supported female education as a major welfare measure.

The Fifth Five-Year Plan (1974-79) emphasized training of women, who were in need of income and protection. This plan coincided with International Women 's Decade and the submission of Report of the Committee on the Status of Women in India. In1976, Women 's welfare and Development Bureau was set up under the Ministry of Social Welfare.

The Sixth Five-Year Plan (1980-85) saw a definite shift from welfare to development. It recognized women 's lack of access to resources as a critical factor impending their growth.

Steps taken in Seventh Five-Year Plan:

In **the seventh five-year plan**, a special chapter on the "Integration of women in development" was introduced by Government with following suggestion.

(I) Specific target group:
It was suggested to treat women as a specific target group in all major development programs of the country.

(ii) Arranging training facilities:

It is also suggested in the chapter to devise and diversify vocational training facilities for women to suit their changing needs and skills.

(iii) Developing new equipment's:

Efforts should be made to increase their efficiency and productivity through appropriate technologies, equipment's and practices.

(iv) Marketing assistance:

It was suggested to provide the required assistance for marketing the products produced by women entrepreneurs.

(v) Decision-making process: It was also suggested to involve the women in decision-making process.

Steps taken by Government during Eight Five-Year Plan:

The Government of India devised special programs to increases employment and income generating activities for women in rural areas. The following plans are lunched during the Eight-Five Year Plan:

(i) Prime Minister Roger Yojana and EDPs were introduced to develop entrepreneurial qualities among rural women.

(ii) 'Women in agriculture' scheme was introduced to train women farmers having small and marginal holdings in agriculture and allied activities.

(iii) To generate more employment opportunities for women KVIC took special measures in remote areas.

(iv) Women co-operatives schemes were formed to help women in ago-based industries like dairy farming, poultry, animal husbandry, horticulture etc. with full financial support from the Government.

(v) Several other schemes like integrated Rural Development Programs (IRDP),

Training of Rural youth for Self-employment (TRYSEM) etc. were started to alleviated poverty.30-40% reservation is provided to women under these schemes.

Steps taken by Government during Ninth Five-Year Plan:

Economic development and growth are0 not achieved fully without the development of women entrepreneurs. The Government of India has introduced the following schemes for promoting women entrepreneurship because the future of small-scale industries depends upon the women-entrepreneurs:

(a) Trade Related Entrepreneurship Assistance and Development (TREAD) scheme was lunched by Ministry of Small Industries to develop women entrepreneurs in rural, semiurban and urban areas by developing entrepreneurial qualities.

(b) Women Comkp0onent Plant, a special strategy adop0ted by Government to provide assistance to women entrepreneurs.

(c) Swarna Jayanti Gram Swarga Yojana and Swarna Jayanti Sekhar Rozgar Yojana were introduced by government to provide reservations for women and encouraging them to start their ventures.

(d) New schemes named Women Development Corporations were introduced by government to help women entrepreneurs in arranging credit and marketing facilities. (e) State Industrial and Development Bank of India (SIDBI) has introduced following schemes to assist the women entrepreneurs. These schemes are:

(i) Mahala Udyam Nidhi

(ii) Micro Cordite Scheme for Women

(iii) Mahila Vikas Nidhi

(iv) Women Entrepreneurial Development Programmes

(v) Marketing Development Fund for Women

4. Consortium of Women entrepreneurs of India provides a platform to assist the women entrepreneurs to develop new, creative and innovative techniques of production, finance and marketing.

There are different bodies such as NGOs, voluntary organizations, Self-help groups, institutions and individual enterprises from rural and urban areas which collectively help the women entrepreneurs in their activities.

5. Training Programmes:

The following training schemes specially for the self-employment of women are introduced by government:

(i) Support for Training and Employment Programmed of Women (STEP).
(ii) Development of Women and Children in Rural Areas (DWCRA).
(iii)Small Industry Service Institutes (SISIs)
(iv) State Financial Corporations
(v) National Small Industries Corporations
(vi) District Industrial Centre's (DICs)

6. Mahila Vikas Nidhi:

SIDBI has developed this fund for the entrepreneurial development of women especially in rural areas. Under Mahila Vikas Nidhi grants loan to women are given to start their venture in the field like spinning, weaving, knitting, embroidery products, block printing, handlooms handicrafts, bamboo products etc.

7. Rastriya Mahila Kosh:

In 1993, Rastriya Mahila Kosh was set up to grant micro credit to pore women at reasonable rates of interest with very low transaction costs and simple procedures.

States	No of Units Registered	No. of Women Entrepreneurs	Percentage
Tamil Nadu	9618	2930	30.36

Uttar Pradesh	7980	3180	39.84
Kerala	5487	2135	38.91
Punjab	4791	1618	33.77
Maharashtra	4339	1394	32.12
Gujrat	3872	1538	39.72
Karnataka	3822	1026	26.84
Madhya Pradesh	2967	842	28.38
Other States & UTS	14576	4185	28.71
Total	57,452	18,848	32.82

Promotional Organizations to help Women Entrepreneur:

Federation of Indian Women Entrepreneur–The FIWE was started in 1993 at the fourth international conference of women entrepreneurs held in December at Hyderabad. Its main function was to establish networking and to provide a package of service to women entrepreneurs' association in India. Association of women entrepreneurs in different states are affiliated to FIWE, so that they can have networking.

Federation of Ladies Organization - FLO was formed in 1983 as a national level forum for women with the objective of women empowerment. FLO has spectrum of activities in order to promote women entrepreneurship and professional excellence.

World Association of Women Entrepreneurs - The world association of Women entrepreneurs is an international women organization. It aims is to bring together all women who are qualified to take up an active and leading part in employers' organization along with their male colleagues.

National Women Development Corporation - NWDC serves all women especially in rural and urban poor areas through promotion of women development in rural and urban areas.

Association of Women Entrepreneurs of Karnataka - AWAKE was established in 1983 and has been recognized worldwide. It is an affiliation of Women World Bank in New York. It is one of India 's institution for women totally devoted to entrepreneurship development.

Women's India trust (WIT) - The trust was established in 1968 by Kamila Tyabji. WIT center at Panvel, 40kms, from Mumbai. The Kamila trust UK was set up in the early 1990's with an aim of selling in England items produced by WIT family of women in India. Encourage by its London, WIT expanded the export activities to Australia, Europe, Germany from 1995 onwards. WIT had plans to launch computer training for women.

Consortium of women entrepreneur of India (CWEI) - In the context of the opening up of the economy and the need for up-gradation of technology, the consortium of women entrepreneur of India started in year 2001 provides a common platform to help women entrepreneurs in finding innovative techniques of production marketing and finance.

Self-help groups (SHGs) - A SHGs' is a small, economical homogeneous and significant group of rural and urban poor, voluntarily formed to save and mutually agreed to contribute to common fund to be lent to its members as per group decision.

3.1 Reasons behind limited start-ups in India:

The failing-start-up problem in India has become a big issue in the start-up ecosystem. As per statistics, majority of entrepreneurs fail while trying to establish their business. After studying failed start-ups in India, I have compiled a list of several major reasons behind their failure. From the lack of talent to changing market dynamics, these top reasons can become a nightmare for any entrepreneur who wants to start a new venture in the ever-changing

3.4 Reasons Behind Limited Start Ups in India.

The failing-start-up problem in India has become a big issue in the start-up ecosystem. As per statistics, majority of entrepreneurs fail while trying to establish their business. After studying failed start-ups in India, I have compiled a list of several major reasons behind their failure. From the lack of talent to changing market dynamics, these top reasons can become a nightmare for any entrepreneur who wants to start a new venture in the ever-changing Indian-market.

Not Understanding the Needs of the Society:

Most successful business ideas arise from needs of the society. Since high school, teenagers become a part of the competition to get the best college and eventually, the best job. Due to competition, most people spend countless hours in studies and disconnect themselves from society. The divide between the tech-driven lifestyle of millennials and lack of understanding for society's demands contribute towards failing business models. The educational pressure is one of the many reasons that experts believe to be the source for lack of understanding between people and society.

Lack of fresh and Innovative Ideas:

Almost every niche market in India is suffocated with multiple startups trying to provide solutions to the same problem. This calls for entrepreneurs to be inventive and push the boundaries using innovation to stand out. Due to competition, the urge to grab market share makes an entrepreneur vulnerable to mistakes by producing the wrong product.

Lack of People with Hands-on Experience:

The startup ecosystem in India has a dearth of talent due to issues like brain drain. Due to the competition among startups, the idea of training a new employee goes right out of the window as time is a critical factor. Nobody wants to spend resources training the new crop when you can get experienced personnel. This has created a void of experienced professionals, who can contribute from the first day itself. By hiring amateurs, which most Indian startups do, they fail to provide a better product, which eventually leads to a startup's demise.

Limited Access to Funding:

Entrepreneurs have to fight hard to get funding for their startups nowadays. To get started, they use their savings or take money from friends and family. Very few are lucky to get angel funding. Moreover, venture capitalists tend to finance only those business ideas that can provide a good return on investment. This results in majority of young entrepreneurs missing VC funding. As a result, most Indian entrepreneurs are not able to continue their venture due to lack of funding

Lack of Understanding between Technical and Management Teams

There is a big difference between a technical graduate and a management graduate. For a startup to succeed, complete understanding is need between the two. The lack of technical know-how among management graduates and the lack of managerial knowledge among technical graduates is one of the common reasons behind the failure of startups in India.

Offering very High Salaries

Startups in India face a serious shortage of talent pool. To bring experienced professionals on board, they offer high salaries to keep the startup in safe hands. However, offering high salaries to employees makes the startup eat into its resources. The shortage of funds leads to instability within the startup, which leads to bad decisions.

Lack of Interpersonal and Soft Skills:

Most entrepreneurs in India are found to lack interpersonal and soft skills. Due to poor communication skills, an entrepreneur increases the failure rate of his/her startup. The lack of such essential skills makes a startup not able to compete in international market. Also, entrepreneurs face a lot of difficulty in pitching their business ideas to a venture capitalist with poor communication.

Not Able to Address the Issue of Scalability

Over one-third of Indian population is on the internet. Startups that have successfully built a product based on the needs of the society and are running profitably, will face the issue of scalability. In such cases, lack of awareness or no mentor-ship becomes the deciding factors behind a startup's failure. Due to inexperience, entrepreneurs fail to understand the changing needs of their product's growing consumer base. Unaware of Changing Market Dynamics: Market dynamics keep changing with new trends becoming outdated in no time. Before a startup knows what hit them, it is often too late to react and change the strategy. Such scenarios arise when a startup's core team is unable to make timely decisions due to lack of industry insight, not conducting thorough research about the niche market, targeting a wide market segment, and more.

Every founder cannot be the CEO:

There can be only one CEO, even if there are many founders. Only one person sets the vision, and the others execute after there is broad agreement over what needs to be done. Too many people trying to display the big picture is a waste of time and shows role ambiguity. "Too many cooks spoil the broth" comes in when everybody is the boss. Direction comes from a single person and that position must be stable, secure, and given space to experiment, with a reasonable error margin.

Meritocracy:

This should be ruthlessly executed from the top down. The agenda is to build a business and not protect anyone. Right people doing the right task is the only way to build a business. With a well-laid appraisal mechanism, talent must be timely rewarded and given a greater platform so that they feel as much as a part of the venture as the founders. It takes 8-10 years to build a good/great business, and without a performing team which sticks around, it is simply not possible.

3.5 To highlight the importance of financing agencies in India:

A start-up is a reflection of an out of the box idea which is put into execution for the generation of revenues through the sale of products and services that are unique and fills the gap of the consumer needs that are in the market. India is fifth in the world in the aspect of the startups with 3100 startups functioning since the last 3-4 years. India has been seeing a trend of risk-taking entrepreneurs who are willing to sacrifice huge opportunity costs for startups. But, according to a study, more than 94% of the business leads to the falling scenario due to the lack of sufficient funds. Lack of funding is a common barrier seen in the startup world. The known example of the Saurav Karukar's startup SASLAB technologies in 2014 was due to the lack of funding. The generation of revenue is not a piece of cake without the constant fuel of funding to the business. So, most of the times this inquisitive question hits the mind of every other entrepreneur: How my startup should be funded? The funding of the business also depends on the nature of the business and the type of the business. Some startups that are unique but the idea holds a lot of risk for the business the funding becomes tough. The business can be funded through various means and ways in India. Here, is a guide that can make you startup grow by leaps and bounds through the proper source of funding.

(A) Venture Capital:

Venture Capital is money provided by professionals who invest and manage young rapidly growing companies that have the potential to develop into significant economic contributors. According to SEBI regulations, venture capital fund means a fund established in the form of a company or trust, which raises money through loans, donations, issue of securities or units and makes or proposes, to make investments in accordance with these regulations. The funds so collected are available for investment in potentially highly profitable enterprises at a high risk of loss. A Venture Capitalist is an individual or a company who provides. Investment Capital, Management Expertise, Networking & marketing support while funding and running highly innovative & prospective areas of products as well as services. In India, the Venture Capital Funds can be categorized into the following groups: Promoted by Public Banks: These type of Venture Capitalist funds is promoted by Public Banks. SBI Capital Markets Ltd and Can bank Venture Capital Fund are some examples of these kinds of VC funds. Promoted by the Central Government controlled development finance institutions: This group contains Venture Capital Funds that are promoted by development finance institutions that are controlled by the Central Government of the country. The examples are IFCI Venture Capital Funds Ltd. (IFCI Venture) and SIDBI Venture Capital Limited (SVCL). Promoted by State Government Controlled development finance Institutions: This group includes Venture Capital Funds which are promoted by development finance institutions controlled by state government. Some of the famous examples are: Hyderabad Information Technology Venture Enterprises Limited (HITVEL), Kerala Venture Capital Fund Private Limited, Gujarat Venture Finance Limited (GVFL), Punjab InfoTech Venture Fund. Overseas Venture Capital Funds: This group comprises of Venture Capital funds from outside India. Like: BTS India Private Equity Fund Ltd., Walden International Investment Group, SEAF India Investment and Growth Fund. Promoted by Private Sector Companies: This category consists of Venture Capital funds promoted by private Sector Companies. Like: Infinity Venture India Fund, IL&FS Trust Company Limited (ITCL). Your pitch is crucial to obtaining funding. Sequoia, one of the most successful VC firms on the planet, stresses, “you need to convey the main reasons why an investor should love your business in the first 5 minutes.” Sequoia partners state you can do this in three simple steps, which are:

- **Explain what’s changed**. Detail the innovation, industry shift, or problem that presents substantial opportunity for your company.
- **Explain what you do.** In one sentence, show how your company can capitalize on this opportunity.
- **Explain the facts**. Get to your company’s story and financials quickly. Lay out the opportunity with numbers. Discuss the team and their abilities and experience.

(B) Bootstrapping:

Bootstrapping or in layman terms is the self-funding of your startup financing when you are an immature entrepreneur and don't get any support from any bank or any other financial source unless you hold a strong plan to execute the business along with a sure guarantee of growth of the business. Also, one of the ways to start funding the business is that the source of the funding is flexible as your borrowing from your friends and family. You can borrow the money at low-interest rates and also can avail the benefit of not being answerable to anyone. At the maturity stage of the business, this is considered as an edge in front of the investors as they consider it as a good point for the startups that have low requirements. But, not advisable to startups who are in need have vigorous funding since day 1 for their operations.

(C) Crowd Funding:

One of the developing sources of finance for your start-up is to avail the finance from the public. The process works in an interactive way wherein an entrepreneur pitches his business idea in front of the layman on a platform where he orients them about his business, the process and how revenues would be generated along with the seed capital amount and where would the amount be invested into. The crowd then reverts the pitch in the form of donation or form of pre-buying orders for the entrepreneur. This type of sourcing not only full-fills the need of the entrepreneur but also generates an audience for him who are willing to fund his idea as well as support it giving a boost for the business in the initial years. This also grabs the attention of the venture capitalists few years down the timeline and would be interested in funding your business by looking at the success of your campaign and your risk.

(D) Angel Investors:

Angels are generally wealthy individuals or retired company executives who invest directly in small firms owned by others. They are often leaders in their own field who not only contribute their experience and network of contacts but also their technical and/or management knowledge. Angels tend to finance the early stages of the business with investments in the order of $25,000 to $100,000. Institutional venture capitalists prefer larger investments, in the order of $1,000,000. In exchange for risking their money, they reserve the right to supervise the company's management practices. In concrete terms, this often involves a seat on the board of directors and an assurance of transparency.

Angels tend to keep a low profile. To meet them, you have to contact specialized associations or search websites on angels. The National Angel Capital Organization (NACO) is an umbrella organization that helps build capacity for Canadian angel investors. You can check out their member's directory for ideas about who to contact in your region.

(E) Incubators & Accelerators:

Incubators and accelerators are one of the other options when you're looking for an initial start-up investment. They are basically the programs for a short span of time that help the business to grow and nurture also with to provide them with other mentors and connections for the benefit. Incubators are basically the programs where they provide you with an in-house space and equipment with their funding to run your start-up against stakes going as high as up to 20%. On the other hand, accelerators are the programs with a short span of time where you are assigned a small seed capital along with a return of a large mentor network against the stakes of 2-10% of your business. Thus, incubators are like your parents who nurture you and the accelerators are the programs which give you huge opportunities. India holds some popular names of Amity Innovation Incubator & Angel Prime.

(F) Government Programs:

The government is also providing incentives for the startups and to promote them. The government of India passed the startup fund in the union budget of 2014-15 which is valued at 10,000 crores for Indian startups. There are more programs launched by the government to take the benefit such as the Bank of Ideas and Innovations by the program that will support the new product ideas. There are also government programs wherein you need no collateral security against the loan you borrow for your startup under the name of Credit Guarantee Fund Trust for Micro and Small Enterprises. The government also started with MUDRA with an amount of 20,000 crores to sanction loans to startup once you clear the criteria. There are also institutions who take lower interest rates as compared to the market. The awareness is a parameter if you are applying for loan through the government programs.

(F) High Net-Individuals:

Lastly, our final source of funding is the High Net-worth individuals who are individuals with ample amount of financial resources for your startup. These individuals are having their existing business and are looking for opportunities to invest into your business with their resources for the time span of 1-3. After this time span, they expect the amount of the investment to be twice or thrice during this period. They mainly invest in those businesses which are having the highest caliber level to sustain in the market and generate good revenue streams in short span of time. The first advantage of this type of funding that you can design a custom investment based on the funds you need which give you an edge. Lastly, the high net-worth individuals charge you lower fees.

(G)Bank Loans:

This might probably be the first option when you have an idea of your own startup. Banks offer loans to the entrepreneurs who are eligible and capable of carrying out a sustainable and stable business project. For the sanction of the loan, the bank takes into consideration the business model, the valuation of various inventories and the project report along with other documentation. But now the process is hassle free and without any collateral. Under all the banks there are 7-8 different types of loans for the SME Business. But the only thing that needs to be taken care of is the timely repayment of the amount. The funding done by the bank has got benefits such as the profit or loss remains with you along with the proper procedure and framework of the banks. Also, they are available every and charge less as compared to venture capitals i.e., 13-17%.

(H) Friends and Family:

One of the best places to raise funds is from your own house. As your family is well aware of your talents, they will be willing to support you regardless of what you want to do. Family and friends are the only ones who know your potential and will be willing to give you money to start your business.

This may seem like a great way of gaining investment partners, but everything has its drawbacks. Acquiring loans or investment form family or friends may be advantageous to some businesses as they have faith in your talents and your success. But for others that require expert assistance or guidelines, angel investors are the best way as your family might not have those experiences which are needed.

This may be a good way for you to raise money as they love and care for you but it is not fun when you lose it as it may affect your relationship with that person forever. A good way of raising funds from your family may be if you choose those who have the knowledge of business and its risks while investing. Regardless of this fact, it is important to behave like a professional with them, and while they are considering to invest, you should lay out all the risks involved in the investment so they can decide at first.

3.6 Entrepreneurship Development Plan:

Entrepreneurship is the process of setting up one's own business as distinct from pursuing any other economic activity, be it employment or practicing some profession. The person who set-up his business is called an entrepreneur. The output of the process, that is, the business unit is called an enterprise. It is interesting to note that entrepreneurship besides providing self-employment to the entrepreneur is responsible to a great extent for creation and expansion of opportunities for the other two economic activities, that is, employment and profession. (Can you think why and how?) Further, each business gives rise to other businesses– the suppliers of raw materials and components, service providers (be it transport, courier, telecom, distributor middlemen and advertising firms, accounting firms and advocates etc.

And, in the process, entrepreneurship becomes crucial for overall economic development of a nation. Given its important role in the overall scheme of economic development, it is interesting to note that not many persons opt for a career in entrepreneurship. Traditionally, it was believed that entrepreneurs are born. No society can wait for the chance of 'birth' of entrepreneurs to pursue its developmental plans. In fact, plans for economic development would bear little fruit unless entrepreneurship development is regarded as a deliberate process of making people aware of entrepreneurship as a career at an early age and creating situations where they may actually make a choice to become entrepreneurs. When you make this choice, you become a job-provider rather than a job-seeker, besides enjoying a host of other financial and psychological rewards. Taking to entrepreneurship is surely more a matter of aspiring to become an entrepreneur rather as being born as one.

Concept of Entrepreneurship:

You are aware that entrepreneurship is regarded as one of the four major factors of production, the other three being land, labour and capital. However, it should surprise you that as regards its French origin, the term 'entrepreneurship' (derived from the verb 'entrepreneur' meaning 'to undertake') pertained not to economics but to undertaking of military expeditions. So is true of many terms in management such as strategy (a course of action to beat the competition, the 'enemy') and logistics (movement of men and machines for timely availability), etc. Historically, as wars are followed by economic reconstruction, it should be no surprise that military concepts are used in economics and management. It may be pointed out that whereas the wars are rare and far between, in today's competitive world, entrepreneurs wage wars every day. There is a tremendous pressure to continually develop new products, explore new markets, update technology and devise innovative ways of marketing and so on. The term 'entrepreneur' was first introduced in economics by the early 18th century French economist Richard Cantillon.

In his writings, he formally defined the entrepreneur as the "agent who buys means of production at certain prices in order to sell the produce at uncertain prices in the future".

Since then, a perusal of the usage of the term in economics shows that entrepreneurship implies risk/uncertainty bearing; coordination of productive resources; introduction of innovations; and the provision of capital.

We would like to define entrepreneurship as a systematic, purposeful and creative activity of identifying a need, mobilizing resources and organizing production with a view to delivering value to the customers, returns for the investors and profits for the self in accordance with the risks and uncertainties associated with business. This definition points to certain characteristics of entrepreneurship that we turn our attention to.

Characteristic of entrepreneurship.

In the SVO formulation of the concepts of entrepreneur, entrepreneurship and enterprise, we saw that entrepreneurship is about the process of setting up a business. One cannot help but marvel at the beauty of the process: how does one first of all decide to choose own business as a career; how does one sense a market opportunity; how does one muster up courage to embark upon it, and mobilize the requisite resources, etc.; so much so that recourse to entrepreneurship, in common parlance, is considered as an exclusive preserve of a few gifted individuals. In the following paragraphs, our effort would be to establish entrepreneurship as a career that you should aspire for. Remember, resources may be limited, aspiration need not be. So, you can aspire for something greater, bigger than your present status and resources. And start today. Remember, aspiration means desire multiplied by action.

1. Systematic Activity: Entrepreneurship is not a mysterious gift or charm and something that happens by chance! It is a systematic, step-by step and purposeful activity. It has certain temperamental, skill and other knowledge and competency requirements that can be acquired, learnt and developed, both by formal educational and vocational training as well as by observation and work experience. Such an understanding of the process of entrepreneurship is crucial for dispelling the myth that entrepreneurs are born rather than made.

2.Lawful and Purposeful Activity: The object of entrepreneurship is lawful business. It is important to take note of this as one may try to legitimize unlawful actions as entrepreneurship on the grounds that just as entrepreneurship entails risk, so does illicit businesses. Purpose of entrepreneurship is creation of value for personal profit and social gain.

3.Innovation: From the point of view of the firm, innovation may be cost saving or revenue-enhancing. If it does both it is more than welcome. Even if it does none, it is still welcome as innovation must become a habit! Entrepreneurship is creative in the sense that it involves creation of value. You must appreciate that in the absence of entrepreneurship 'matter' does not become a "resource." By combining the various factors of production, entrepreneurs produce goods and services that meet the needs and wants of the society. Every entrepreneurial act results in income and wealth generation. Even when innovations destroy the existing industries, for example, zero machines destroyed carbon paper industry, mobile telephony threatens landline/ basic telephony, net gains accruing to the economy lend such entrepreneurial actions as commendable as the acts of creative destruction. Entrepreneurship is creative also in the sense that it involves innovation- introduction of new products, discovery of new markets and sources of supply of inputs, technological breakthroughs as well as introduction of newer organizational forms for doing things better, cheaper, faster and, in the present context, in a manner that causes the least harm to the ecology/environment. It is possible that entrepreneurs in developing countries may not be pioneering/ innovative in introducing pathbreaking, radical innovations. They may be the first or second adopters of technologies developed elsewhere. That does not make their achievement small. For imitating technologies from developed world to the indigenous setting is quite challenging. A lady entrepreneur wanting to introduce thermal pads for industrial heating faced tremendous reluctance form the owners of chemical and sugar mills despite the established superiority of her products over the conventional heating of the vessels by burning of wood/coke or using LPG. Moreover, there is no need to suffer from "it was not invented here" complex– there is no need to reinvent the wheel. The global electronics major, Sony did not invent the transistor! It used the transistor to build entertainment products that are world leaders.

4.Organization of Production: Production, implying creation of form, place, time personal utility, requires the combined utilization of diverse factors of production, land, labour, capital and technology. Entrepreneur, in response to a perceived business opportunity mobilizes these resources into a productive enterprise or firm. It may be pointed out that the entrepreneur may not be possessing any of these resources; he may just have the 'idea' that he promotes among the resource providers. In an economy with a well-developed financial system, he has to convince just the funding institutions and with the capital so arranged he may enter into contracts of supply of equipment, materials, utilities (such as water and electricity) and technology. What lies at the core of organization of production is the knowledge about availability and location of the resources as well as the optimum way to combine them. An entrepreneur needs negotiation skills to raise these in the best interests of the enterprise. Organization of production also involves product development and development of the market for the product. Besides, entrepreneur may be required to develop even the sources of supply of requisite inputs. For example, whether it is a matter of putting together an automobile manufacturing unit or manufacture of burger/pizza, besides cultivating a market and developing products to suit its tastes and preferences, there would be a need to develop a pool of suppliers of the diverse components or elements that go into their manufacture.

5.Risk-taking: As the entrepreneur contracts for an assured supply of the various inputs for his project, he incurs the risk of paying them off whether or not the venture succeeds. Thus, landowner gets the contracted rent, capital providers get the contracted interest, and the workforce gets the contracted wages and salaries. However, there is no assurance of profit to the entrepreneur. It may be pointed out that the possibility of absolute ruin may be rare as the entrepreneur does everything within his control to de-risk the business. For example, he may enter into prior contract with the customers of his production. So much so that he may just be contract manufacturer or marketer of someone else's products! What is generally implied by risk taking is that realized profit may be less than the expected profit. It is generally believed that entrepreneurs take high risks. Yes, individuals opting for a career in entrepreneurship take a bigger risk that involved in a career in employment or practice of a profession as there is no "assured" payoff. (See Box above) In practice, for example, when a person quits a job to start on his own, he tries to calculate whether he or she would be able to earn the same level of income or not. To an observer, the risk of quitting a well-entrenched and promising career seems a "high" risk, but what the person has taken is a calculated risk. The situation is similarly to a motorcyclist in the 'ring of death' or a trapeze artist in circus. While the spectators are in the awe of the high-risk, the artists have taken a calculated risk given their training, skills, and of course, confidence and daring. It is said that the entrepreneurs thrive on circumstances where odds favoring and against success area even, that is 50:50 situations. They are so sure of their capabilities that they convert 50% chances into 100% success. They avoid situations with higher risks as they hate failure as anyone would do; they dislike lower risk situations as business ceases to be a game/fun! Risk as such more than a financial stake, becomes a matter of personal stake, where less than expected performance causes displeasure and distress. The characteristics of entrepreneurship discussed as above apply in diverse contexts, so does the usage of the term, viz., Agricultural/Rural Entrepreneurship, Industrial entrepreneurship, Techno-premiership, Net premiership, Green/Environmental or Eco-premiership, Intra-corporate/firm or Entrepreneurship and Social entrepreneurship. In fact, entrepreneurship has come to be regarded as a 'type of behaviors', whereby one,

(i) rather than becoming a part of the problem, proactively tries to solve it; (ii) uses personal creativity and intellect to develop innovative solutions; (iii) thinks beyond resources presently controlled in exploiting the emerging opportunities or attending to the impending problems; (iv) has the conviction to convince others of one's ideas and seek their commitment towards the project; and (v) has the courage of heart to withstand adversities, persist despite setbacks and be generally optimistic.

Relationship between relationship and management:

Entrepreneurship is about business start-ups and renewals. That is, it appears at the time of starting a new business, disappears for some time in the course of stabilizing the venture as an on-going business and reappears in case there is a need for introducing changes in product, market, technology, structure and so on. In fact, it is said that everyone is an entrepreneur when he actually 'carries out new combinations,' and loses that character as soon as he has built up his business, when he settles down to running it as other people run their businesses. In developed countries, the distinction between the entrepreneurial focus on start-ups and managerial focus on routine is so sharp that it is argued that once the project has reached a level of maturity, the entrepreneurs must move out and the managers must come in.

In developing countries, however, the concept of owner-manager seems more apt for entrepreneurship as the entrepreneur remains attached even to the day-to-day operations of the venture. In fact, their lacking in managerial skills is often forwarded as the cause of business failures. Just as managers are expected to play entrepreneurial roles in the times of need, likewise the entrepreneurs must also demonstrate managerial abilities for the success of their ventures. Irrespective of whether the entrepreneurs pave way for the managers or they themselves assume the managerial responsibilities, it is possible to distinguish between the term's entrepreneurship and management.

Need for Entrepreneurship:

Every country, whether developed or developing, needs entrepreneurs. Whereas, a developing country needs entrepreneurs to initiate the process of development, the developed one needs entrepreneurship to sustain it. In the present Indian context, where on the one hand, employment opportunities in public sector and large-scale sector are shrinking, and on the other, vast opportunities arising from globalization are waiting to be exploited; entrepreneurship can really take India to the heights of becoming a super economic power. Studies by Global Entrepreneurship Monitor, research programmed involving annual assessment of the national level of entrepreneurial activity across a number of countries show that differences in the levels of entrepreneurial activity account for the differences in the level of economic growth to the extent of as much as 33%. What is that the entrepreneurs do to affect economic development? This leads us to a discussion of the functions of the entrepreneurs in relation to economic development. As the enterprise is the object of their endeavour, it is also necessary that we examine their functions in relation to the enterprise as well. Thus, the need for entrepreneurship arises from the functions the entrepreneurs perform in relation to the process of economic development and in relation to the business enterprise.

Functions of Entrepreneurship in relation to economic development:

You are aware that entrepreneurs "organise" the production process. In the absence this function, all other resources, namely land, labour and capital would remain idle. They may not be inventing/discovering the products, their role in commercial exploitation of the advancements in science and technology via organisation of the productive apparatus makes the other resources productive and useful. So much so that it is said that in the absence of entrepreneurial intervention, every plant would remain a weed and every mineral would remain a rock.

1. Contribution to GDP: Increase in the Gross Domestic Product or GDP is the most common definition of economic development. You are aware that income is generated in the process of production. So, entrepreneurs generate income via organisation of production be it agriculture, manufacturing or services. You are also aware that income generated is distributed among the factors of production where land gets rent, labour gets wages and salaries, capital gets interest and the residual income accrues to the entrepreneur in the form of profits. As rent and interest accrue to those few who have land and capital respectively whereas larger masses are destined to earn their incomes via wage employment, the biggest contribution of the entrepreneurship lies in capital formation and generation of employment. This is what we turn our attention to.

2. Capital Formation: The entrepreneurial decision, in effect, is an investment decision that augments the productive capacity of the economy and hence results in capital formation. In fact, GDP and capital formation are related to each other via Capital Output Ratio (COR); more precisely Incremental Capital Output Ratio (ICOR) that measures the percentage increase in capital formation required obtaining a percentage increase in GDP. So, if a country desires to grow @ 10.0 %
p.a. and its ICOR is 2.6, then it must ensure capital formation @ 26.0% p.a. Entrepreneurs, by investing their own savings and informally mobilising the savings of their friends and relatives contribute to the process of capital formation. These informal funding supplements the funds made available by the formal means of raising resources from banks, financial institutions and capital markets

3. Generation of Employment: Every new business is a source of employment to people with different abilities, skills and qualifications. As such entrepreneurship becomes a source of livelihood to those who do neither have capital to earn interest on nor have the land to earn rent. In fact, what they earn is not only a livelihood or means of sustenance but also a lifestyle for themselves and their families as well as personal job satisfaction. As such entrepreneurs touch the lives of many, directly as well as indirectly.

4. Generation of Business Opportunities for Others: Every new business creates opportunities for the suppliers of inputs (this is referred to as backward linkages) and the marketers of the output (what is referred to as forward linkages). As a pen manufacturer you would create opportunities for refill manufacturers as well as wholesalers and retailers of stationery products. These immediate linkages induce further linkages. For example, greater opportunities for refill manufacturers would mean expansion of business for ink manufacturers. In general, there are greater opportunities for transporters, advertisers, and, so on. So, via a chain-reaction, entrepreneurship provides a spur to the level of economic activity.

5.Improvement in Economic Efficiency: You are aware that efficiency means to have greater output from the same input. Entrepreneurs improve economic efficiency by, a. Improving processes, reducing wastes, increasing yield, and, b. Bringing about technical progress, that is, by altering labour-capital ratios. You are aware that if labour is provided with good implements (capital), its productivity increases.

6.Increasing the Spectrum and Scope of Economic Activities: Development does not merely mean 'more' and 'better' of the existing, it also and more crucially means diversification of economic activities– across the geographic, sectoral and technological scope. You are aware that underdeveloped countries are caught in the vicious cycles on the demand as well as supply side. Entrepreneurs penetrate into and break these cycles, for example, by organising and orienting domestic production for exports. Thus, production (and thereby generation of income) is not constrained by the inadequacy of domestic demand. (Demand-side Vicious Cycle). In today's context, you are aware that India is poised to become a manufacturing hub for the global markets for diverse products. Economic development is also constrained by the supply-side pressures resulting into absence of capacity to meet the demand whether domestic or overseas. Entrepreneurs mobilise local and even overseas resources to augment the productive capacity of a country. Indian Multinational Giants is fast becoming a reality. Entrepreneurs lead the process of economic development via bringing about sectoral change. You must be aware that as the economies grow, percentage of GDP originating from agriculture decreases and that originating in industry and services sectors goes up. Entrepreneurs through their decisions to divest from the stale sectors and invest in green-field sectors bring about a virtual transformation of the economy from 'underdeveloped' to an 'emerging' and 'developed' status.

7.Impact on Local Communities: Entrepreneurship, in its natural habitat, that is, small business is at a great level. You may see from table on marginalised groups. That smallscale entrepreneurship enables such marginalised groups as women, SC, ST and OBC to pursue their economic dreams. As there are no entry barriers in terms of educational qualifications, entrepreneurship is an even more attractive career option for such marginalised groups. Agro based rural industries and craft- based cottage industries can really catapult local communities to socio-economic success stories. Local governments do their bit in developing these entrepreneurship clusters with a view to encouraging inter-firm collaboration and development of common facilities. entitled, 'Entrepreneurship Clusters in India.' In regard to the development of entrepreneurship for impacting local communities, some corporate-sector initiatives also deserve a mention. ITC through their 'e- Chau pal' and HLL through their 'Shakti' initiatives have sought to mobilise native entrepreneurs for improving the lot of those lying at the bottom of the economic pyramid.

8. Fostering the Spirit of Exploration, Experimentation and Daring: Economic development, among other things, requires breaking away from the shackles of traditions and beliefs that restrict growth. For example, if 'crossing the seas' were a taboo, there would not have been international trade and the resultant economic growth. The established ways of life need to be challenged and change must be seen as an opportunity to improve rather than something to be scared of. Entrepreneurs, through their urge to do something new, seeing change as an opportunity, experimenting with the novel ideas and showing the courage to try them prepare a fertile ground for persistent economic development. Have you seen the Hindi movie 'Lagan,' where the protagonist Bhuvan raises a cricket team from the villagers who had not even seen the game? Don't the feats of Karasn Bhai of 'Nirma' who challenged 'Surf' from the mighty Hindustan Lever Limited make you proud of the daring of the entrepreneurs? Thus, whether one looks at economicdevelopment narrowly in terms of the increase in GDP or in the wider context of economic, institutional and social change, entrepreneurship plays a crucial role. Global Entrepreneurship Monitor studies report a lag of 1-2 years between entrepreneurial activity and economic development, suggesting that it takes time for the impact of entrepreneurship on economic development. An important observation needs be made here. While entrepreneurship leads to economic development, the vice-versa is also true. That is, economic development also fosters entrepreneurship development. Growing economies provide a fertile soil for the flourishing of entrepreneurship, an aspect that we will take up while discussing entrepreneurship development.

Role of Entrepreneur in relation to their Enterprise:

Drawing an analogy from musicology in explaining the role of the entrepreneurs in relation to their enterprise, one may say that an entrepreneur is not only the composer of the musical score and the conductor of orchestra but also a one-man band. His roles and functions get much broader in scope in a developing country context like ours. entitled 'Role and Functions of the Entrepreneur in Relation to his/her enterprise.' These elements are no sequential as the figure may convey, the entrepreneur may have to address to all these elements simultaneously. Yet, depending upon their backgrounds, the individual entrepreneur may prefer one over the other. For example, technicians tend to be over obsessed with the production aspect; those with marketing background may over emphasise creation of market. Investor type entrepreneurs may be over concerned with the returns from the project. One should resist the temptation of looking at the business only from one's own narrow perspective. Having said this, it is apt that we provide a brief description of the various issues that may be relevant at each stage.

Opportunity Scouting: Entrepreneurial opportunities have to be actively searched for. One may rely on personal observation, discovery or invention. Personal/professional contacts/networks and experience or may also help in identifying business opportunities. Alternatively, one may rely on published reports, surveys and the like. Narayan Reddy of Virchow Laboratories relied on the personal discovery of the molecule during his employment with a pharmaceutical company. As observation means seeing/hearing/smelling with a purpose, opportunity spotting presupposes tendency to look at the things and phenomenon from an entrepreneurial mindset. Most of us have a consumer's mindset. If we see any object of desire, may be a pen, laptop, latest model of the mobile phone or somebody eating pizza or burger, we crave to have the same thing for ourselves. The entrepreneurial mind, on the other hand starts working out, what would be the market size, where to procure it from and at what price, will I able to woo the customers from the existing players and how– by selling it cheaper, by providing more value or by better service and so on. Entrepreneurial opportunities may also be identified through a process of research of international, domestic, sectoral/ industrial analysis. For example, post WTO, international trade and investment have become freer of restrictions. Textile quotas are being phased out, and, there are greater opportunities for textile and textile made-ups from India. Global outsourcing is on the rise and India offers a huge and varied pool of technical manpower that makes it a cost-effective destination for in-bound global outsourcing in manufacturing as well as Information Technology Enabled Services (ITES).

Identification of Specific Product Offering: While the environment scan leads to the discovery of more generalised business opportunities, there is a need to zero in on to a specific product or service idea. For example, trade liberalisation since WTOs has resulted in export opportunities, but the question is what to export and where? You may be required to compile a country-product matrix to be able to decide.

This way you may arrive at the product-market combination showing the fastest growing import and from your point of view export potential. Deciding on the product offering makes the highest demand on the entrepreneur's creativity and innovativeness. Yet, in a competitive environment, it is possible to differentiate your product offering even if the generic product is the same and serves the same need. Clearly decision on specific product offering necessitates decisions on who is buying, why, and what are the value expectations. You will be able to succeed when the value delivered not only meets but also exceeds customers' expectations and create a 'Vow!' impact.

Feasibility Analysis: The product offering idea must be technically feasible, that is it should be possible with the available technology to convert the idea into a reality. And this should be possible at a cost that can be covered by the price it will fetch; in other words, the idea must be economically feasible too. The project cost should be within the resources available and the resource providers should be reasonably sure of an appropriate return on (profit) and return of (safety and liquidity) of their investments. That is, the idea must be financially viable as well. There should be enough sales in the immediate and the prospect of growth in the foreseeable future; there should be adequate assurance on the commercial viability of the chosen product offering. Now a day, it is also important to be sure that there aren't any environmental and other legal restrictions/necessity of prior approvals for setting up the business. It is also to be decided as to whether the business will be organised as a proprietary concern/partnership firm/ company or cooperative entity. Clearly the chosen product offering must be feasible from the diverse perspectives. You must compile these findings in the form of a business plan that would have to be submitted to the funding authorities, in the Indian context, the State Finance Corporation of your area. They may be having a prescribed proforma in which the details of the business plan are required to be furnished and, as such there may a need to adapt the contents accordingly. An idea about the generic contents of a business plan may be had from. The business plan may be appraised by the funding institution, and upon satisfying itself about the desirability of assisting your project and upon the furnishing of some margin money it may sanction the loan amount. Recall, Narayan Reddy and his two other associates provided Rs. 8 lakhs and the APSFC contributed Rs. 20 lakhs toward the overall project cost of Rs. 28 lakhs. Upon the project approval, the entrepreneur can proceed for project commissioning, that is putting up the factory premises, installing the equipment, obtaining the supplies of the input materials with a view to starting the manufacture and marketing the product. As noted earlier too, entrepreneurial functions do not come to an end with the business start-up. He often looks after its day-to-day operations and strives for its stability and growth. Entrepreneurial roles and functions clearly seem onerous. Perhaps that is why many shy away to simpler, softer and safer options of employment and practice of profession. Entrepreneurial going may be tough; but then that is where the tough get going! Do not worry if presently you may find yourself short on those competencies, values and attitudes. It is just a matter of making up your mind for a career in entrepreneurship and grooming yourselves for it. This takes us to the discussion of the process of entrepreneurship development.

The process of Entrepreneurship Development:

Entrepreneurship does not emerge spontaneously. Rather it is the outcome of a dynamic process of interaction between the person and the environment. Ultimately the choice of entrepreneurship as a career lies with the individual, yet he must see it as a desirable as well as a feasible option. In this regard, it becomes imperative to look at both the factors in the environment as well as the factors in the individual as having a nearing on the perception of desirability and feasibility and thereby entrepreneurship development. One may, therefore, model the process of entrepreneurship development in terms. In general, capitalist economy with its emphasis on individual achievement is more suitable for entrepreneurship. Lower rates of taxation on personal income, lower rates of interest and moderate inflation stimulate entrepreneurial activity. (Can you think why it is so?) Moderately low external value of domestic currency or in other words, moderately lower exchange rates, stimulate import substituting and export promoting entrepreneurship. (Can you rationalise why?). Well-developed financial system, good infrastructure, helpful bureaucracy all these have a favourable impact on entrepreneurship. Specially designed and dedicated institutions such as National Institute for Entrepreneurship and Small Business Development (visit, niesbud.nic.in), Entrepreneurship Development Institute of India (visit, www.ediindia.org) that conduct entrepreneurship awareness and entrepreneurship development programmes (EAPs and EDPs) a further fillip to this activity.

An important enabler or disabler of entrepreneurship is the prevailing socio- cultural milieu. Those societies that respect individual freedom to choose among occupations, that encourage the spirit of enquiry, exploration and experimentation, celebrate individual accomplishment and in general accord important status to the entrepreneurs are likely to have self-sustaining supply of able and willing men and women for taking to entrepreneurship as a career.

The role of the individual in entrepreneurship development:

Mr. Narayan Reddy was desirous of starting a small-scale industry and also had a sense of efficacy or readiness to pursue it given his qualifications, experience and the necessary values, attitudes and motivation (the opening case does not elaborate this. We will discuss these at suitable places). Even you may like to see as to where do you find yourself on the desirability (willingness)-efficacy (ability) matrix, won’t you? As you may see from the matrix figure able and willing men and women are a “ready” source of entrepreneurship. Such persons leap up the first opportunity comes their way to be on their own. Recall, Narayan Reddy leapt up the opportunity as he met the two medicos who had returned from the Gulf. At any point of time, there are many men and women who “want” to set up a business of their own but experience self-perceived barriers to entrepreneurship. They could be having a low perception of self-efficacy either on account of lack of resources (or to be more correct, resourcefulness), knowledge or know-how, and the skills. Collectively, these are referred to as competencies, which now we turn our attention to.

Entrepreneurial Competencies:

Every opportunity and successful performance of every role and function has a competence requirement. It’s true of entrepreneurship as well. entitled ‘Cash OR KASH?’ The term ‘competence’ refers to a composite of knowledge, skills and a host of psychosocial attributes (including Attitudes and Motivation that we will be discussing separately) in a person that mark his/her effectiveness for a task. The phrase ‘composite’ is crucial. For example, the competence “ability to communicate vision” is much more than proficiency in writing/ speaking skills. It would involve, just to illustrate, vision clarity, understanding the audience background, interest and readiness, knowledge about the media and choosing the most appropriate one, attracting attention, delivery, leaving not merely an impression but also an impact and, assessing effectiveness. So, when the entrepreneur in the television interview pointed out KASH as the determinants of successful entrepreneurship, he was indeed referring to the competencies. Competency approach to human resource development in general and entrepreneurship development in particular was pioneered by David McClelland, a Harvard University psychologist in the late 1960’s and early 1970’s. (You will be learning more on McClelland’s work when we discuss entrepreneurial motivation.) McClelland set out to define competency variables that could be used in predicting job performance and that were not biased by race, gender, or socio-economic factors. As a result, it becomes more important to learn what a person does rather than who he/she is. That is why management and also entrepreneurship is better defined as what a manager or an entrepreneur does. Because competencies can be built via a process of education and development, we may say that entrepreneurs are made. What are the distinct competencies for entrepreneurship? In this regard one may refer to the efforts of Entrepreneurship Development Institute of India (EDI), a national resource institution in the area of entrepreneurship education research and development EDI has identified a set of 15 competencies that contribute toward entrepreneurial performance and success. These are briefly stated hereunder.

Initiative: Acting out of choice rather than compulsion, taking the lead rather than waiting for others to start. Sees and Acts on Opportunities: A mindset where one is trained to look for business opportunities from everyday experiences. Recall 'oranges' example.

Efficiency Orientation: Concern for conservation of time, money and effort.

Systematic Planning: Breaking up the complex whole into parts, close examination of the parts and inferring about the whole; e.g. simultaneously.

Persistence: A 'never say die' attitude, not giving up easily, striving continuously until success is achieved. Information seeking: Knowing and knowing who knows, consulting experts, reading relevant material and an overall openness to ideas and information.

Concern for High Quality of Work: Attention to details and observance of established standards and norms. Commitment to Work Contract: Taking personal pains to complete a task as scheduled. attending to production, marketing and financial aspects (parts) of the overall business strategy (the whole).

Problem-solving: Observing the symptoms, diagnosing and curing. Self- confidence: Not being afraid of the risks associated with business and relying on one's capabilities to successfully manage these.

Assertiveness: Conveying emphatically one's vision and convincing others of its value.

Persuasion: Eliciting support of others in the venture. Use of Influence Strategies:

Providing leadership.

Monitoring: Ensuring the progress of the venture as planned.

Concern for Employee Welfare: Believing in employee wellbeing as the key to competitiveness and success and initiating programmes of employee welfare. You would, now, be interested in knowing as to how to build these competencies. Knowledge competencies (what you know regarding facts, technologies, a profession, procedures, a job, an organisation, etc.) can be developed by, for example by reading and interacting with people who know. Skill competencies (what you say or do that results in good or poor performance) can be acquired by practice, haven't you heard "practice makes a man perfect"? For example, 'persuasion,' and 'use of influence strategies' require presentation skills. You may do double the homework on what you want to say, how you want to say, who is your audience and what are their backgrounds, what could be the possible questions that may be asked, what would be their answers and so on. Practice it all over a number of times, may be before mirror or your friends, so that when you are actually in that situation, you perform well.

Entrepreneurial Motivation:

Men and women who have a perception of self-efficacy and are yet to feel interested in or motivated by the idea of being on their own comprise a potential, future source of entrepreneurship. What motivates a person is a question easier asked than answered. Mr. Narayan Reddy was driven by the desire to utilise his discovery of the molecule as a business opportunity. In terms of Maslow's need hierarchy theory, one may say that Mr. Narayan Reddy was driven by the need for self-actualisation. Since entrepreneurial situation is characterised by personal accomplishment in competitive situations and involving higher standards of excellence, one often come across reference to 'need for achievement' or N-ach for short as the primary driver of entrepreneurial behaviour. See Box entitled 'How NAch. Drives Entrepreneurship and Economic Development'.

Need for Achievement (N-Ach.): Need for achievement implies a desire to accomplish something difficult. To master, manipulate, or organise physical objects, human beings or ideas. To do this as rapidly and as independently as possible. To overcome obstacles and attain a high standard. To excel one's self. To rival and surpass others. To increase self–regard by successful exercise of talent. Yes, entrepreneurship provides you with the best opportunity for making the best use of your talents as in employment the 9-5 routine, pressure to adhere to rules and regulations, preference for compliance of boss's instructions over the use of personal creativity and innovativeness stifles your progress and self-development. You can create a work environment that suits your abilities and interests.

Need for Power (N-Pow): Need for Power is the concern for influencing people or the behaviour of others for moving in the chosen direction and attaining the envisioned objectives. In common perception, politicians, social religious leaders Chief Executive Officers (CEOs), Government Bureaucrats/Civil Servants typify the need for power. Such a perception seems more based on the belief that the source of power lies in the "position" a person occupies in organisational/societal context. In the same vein, business ownership too may imply a need for power. Moreover, you would appreciate that the process of founding a business, one has to win the commitment of capital providers, suppliers of equipment and materials, the employees and that of the customers. Power may not be used to further one's self- interests alone, it may be also be used to touch the lives of others, to make a difference. Entrepreneurs driven by this socialised face of the need for power. They found organisations that are a source of sustenance and self- respect for many. needs. Entrepreneurs are believed to be low on affiliation, as they are and expected to be, innovative, trendsetters and tradition breakers. However, it is not necessary that affiliation should only interfere with achievement. In certain cultures, family comprises the bedrock on which the successful careers are built. One works, as if, not for personal gratification but for family. Desire to

Need for Affiliation (N-Aff.): Often you must have heard your parents saying that whatever they do they do it for their children. If a man thinks about interpersonal relationships, he has a concern for affiliation. It implies, among other things a tendency of the people to conform to the wishes and norms of those whom they value. Apparently, social activists, environmentalists, teachers, and doctors and nurses may seem as predominantly driven by these carries on the tradition of business in the family and the community to which one belongs, may be interpreted as reflecting need for affiliation as well. In the countries with the colonial past, such as ours, the first generation of entrepreneurs in Independent India was driven by patriotic fervour and the desire to rebuild the economy left stagnated by the alien rulers. One can certainly trace some elements of affiliation motivation in such instances.

Need for Autonomy (N-Aut.): The need for autonomy is a desire for independence and being responsible and accountable to oneself rather than some external authority for performance. It is the desire for an opportunity for the fullest expression of one's abilities.

In the context of entrepreneurship, it is usually interpreted as the determination not to work for someone else. In most job situations, employees are given little freedom to exercise their discretion in taking decisions and choosing a course of action so much so that absence of it drives them into starting their own ventures. As such n-pow.

becomes more a desire for preserving one's ethos rather than the freedom from the boss. Take the example of another Hyderabad based entrepreneur entitled Entrepreneurship for Preserving Personal Work Ethos). What does the above discussion mean for entrepreneurship development? It means that for promoting entrepreneurship it is important to kindle and arouse the right motivation. In the absence of motivation, even able men and women may not take to entrepreneurship. Hence. In every Entrepreneurship Awareness Programme (EAP) or Entrepreneurship Development Programme (EDP), there are special sessions on entrepreneurial motivation, besides sessions on entrepreneurial competencies. You may note that motivation and ability can positively reinforce each other. Persons having abilities search for the avenues for their expression and hence are drawn to entrepreneurship. Persons eager to be on their own may strive hard to acquire the necessary competencies to realise their dreams. How truly one has said that entrepreneurs are the dreamers who do! In explaining and developing entrepreneurial motivation, it is important to learn that different individuals are motivated differently, and that one may be trying to satisfy more than one need through one's pursuit. This is an important observation as economic theory very simply says that the objective of the firm or that of the entrepreneur is profit maximisation.

Entrepreneurial Values and Attitude:

While explaining human behaviour, one often comes across the terms' values and attitudes. Rather than attempting to distinguish between these two terms, it would be sufficient to say here that taken together, entrepreneurial values and attitudes refer to the behavioral choices' individuals make for success in entrepreneurship. The word 'choice' is important, as there are alternative ways of behaving too. In entrepreneurship, a host of behavioral tendencies or orientations have been reported as having a bearing on success.

The entrepreneur in 'Cash or KASH' labelled these as 'Habits', some researches have called these as policies or strategies. Be it the decision to make a choice about entrepreneurship as a career, be it the decision to choose the product line, growth strategy, profit making and social responsibility you would be required to make choices. The choice that you make may have a tremendous impact on your performance. What we do here is to profile some of the dimensions relating to starting and managing a business and the associated behavioral alternatives, we have considered here two to keep the things simple. We have highlighted those alternatives that have been generally observed to be associated with superior performance.

Entrepreneurship for preserving personal work Ethos:

In industries having captive power plants, a day's downtime can cause a loss of crores of rupees. While working for a public sector electrical major, an engineer found it really difficult to cope with the bureaucratic attitude in servicing the customers. It clashed with his personal value, 'client's problems be attended first, paperwork can wait'. He quit the job and started a turbine repairing and furbishing company. Incidentally, it takes more money to travel or to transport than to repair or refurbish the turbine. But the downtime is reduced and the clients are happy. Later the company also diversified into the manufacture of the parts and commissioning of the captive power plants on a turnkey basis.

How N-Ach. Drives Economic and Entrepreneurship Development:

Credit for investigating and bringing to the fore the role of need for achievement goes to McClelland, the Harvard professor whom we referred to also in the discussion of competency-based approach to human resource and entrepreneurship development. He set out to investigate why some countries are more developed than others He sought to find answer to this question by examining the proposition that 'differences in the level of achievement motivation are responsible for 'differences in the level of economic development'. For this he examined the popular stories and folklore and readers up to primary classes of 39 countries for finding out whether they focused on personal accomplishment, triumph of human courage and effort over the circumstances and so on. McClelland's research upheld the proposition that differences in the levels of achievement motivation as revealed by the analysis of the stories and the readers accounted for the differences in the level of economic development. How? What would be the process?

McClelland observed that entrepreneurship becomes the medium through which the achievement motivation manifests the best through which the development takes off.

Roles and Functions of the Entrepreneur in relation the Enterprise: Developing Exchange Relationships:

1. Perceiving market opportunities

2. Gaining command over scarce resources

3. Purchasing inputs

4. Marketing of Products and responding to competition

Political Administration:

5. Dealing with public bureaucracy (approvals, concessions, taxes)

6. Managing human relations within the firm

7. Managing customer and supplier relations.

Management Control:

1. Managing finance

2. Managing production

Technology:

3. Acquiring and overseeing assembly of the factory

4. Industrial engineering (minimizing inputs with a given production process)

5. Upgrading the production process and product quality

6. Introducing new production techniques and products.

4. GENERAL ANALYSIS

4.1 PESTLE Analysis:

PESTLE analysis is a business measurement tool to assess the overall macro environment of business. **PESTLE** is acronym for **P**olitical, **E**conomic, **S**ocial, **T**echnological, **L**egal and **E**nvironmental. It is a part of the external analysis while conducting market research, and it gives an overview of multiple macro-environmental factors before taking business decision.

Political Factors: Political factors are the medium by which Government intervenes the functioning of an enterprise. Government regulations are evaluated in terms of its capacity to influence the business environment and markets. The principal issues in this segment are political stability, tax guidelines, trade regulations, safety regulations, labor laws, and business laws.

Startups India Action Plan Impact: The action plans suggest law enforcement agencies to keep off the functioning of startups in the first three years of its operations. But after three years, companies need to follow the regulations. Example**-** Tax exemptions, Self-certifications for 3 years

Economic Factors: These factors include economic growth, interest rates, exchange rates, and inflation rate. These factors extraordinarily affect how businesses operate and make decisions.

Startups India Action Plan Impact: There will be an improvement in the ease of doing business especially for startups which will boost entrepreneurship. There is a corpus fund for startups at lesser interest rate which will improve the ease of setting up news businesses.

Social Factors: These factors have a great impact on the buying patterns which is an important determinant for businesses. High trends in social factors affect the demand for a products and operational mode of enterprises.

Startups India Action Plan Impact: Startups action plan will change the buying pattern and behavior of consumers as this action plan is more focused on products and services which will be driven through new technologies and innovations.

Technological Factors: These factors include technological aspects like R&D activity, automation, technology incentives and the rate of technological change. These can determine barriers to entry, minimum efficient production level and influence the outsourcing decisions.

Startups India Action Plan Impact: Though there is not enough space for R&D activity in the startups action plan. This action plan would be a key contributor to technological aspects like the rate of technological changes i.e., technology beyond portal and mobile apps; etc.

Legal Factors: This factor includes consumer law, antitrust law, employment law, and health and safety law. These factors can affect how company operates, cost structure, and market demand for its products.

Startups India Action Plan Impact: Exemption of startups from labor inspections for the first 3 years from labor department etc. will definitely boost the business environment.

Environmental Factors: These include ecological and environmental aspects such as weather, climate change, environmental law etc. which may affect industries such as tourism, farming, and insurance.

Startups India Action Plan Impact: There is no special mention about in the announcements. However, the fund allotted through credit guarantee scheme will cover risk if any occurs.

4.1 Challenges and Opportunities of Start-ups:

Whatever may be the kind of start-up, Indian start-ups face its own set of challenges and some stellar opportunities.

The challenges can be classified as:

Culture:

Entrepreneurship and start-ups are only a recent phenomenon in the country. It is only in the last decade and half that people in the country have moved from being job seekers to job creators. Doing a start-up is tough and every country sees more failures than success. More often than not an entrepreneur needs to be prepared to face failures and unprecedented hardship. However, culturally we are not groomed to fail and failure is frowned upon. Entrepreneurship thrives on celebrations and a society that fails to appreciate business failures stifles innovation and creativity even before it can start. A start-up failing has to be OK as failures often teach an entrepreneur, what to do and what not to do.

Mentoring:

Doing a start-up is perilous and often a lonely journey. You may have co-founders, but you may not necessarily possess the business acumen to succeed. Having a brilliant idea is different from making that idea a business success. For a start-up, it is very important to have mentors who have been through a similar process of starting or have business experience. A great mentor is often what separates success from failure by providing valuable inputs. However, there is no formal mechanism to mentor start-ups in the country. Every mentoring that happens is on an ad-hoc basis. A start-up that has raised funds can count the investors for some form of mentoring, but honest, unbiased, good business mentors are far and few in between. For start-ups finding a good mentor is often an uphill task.

Policies:

Government is the single largest enabler for the entrepreneurial ecosystem. Government's role in ease of doing business and helping companies start is vital to ensuring success. The latest World Bank Ease of Doing Business (out of 189 economies) ranks India at an abysmal 142 where starting a business rank for the country is even lower at 158.It is uncannily difficult to start a business in India and myriad laws and regulations means it takes about 30 days to comply compared to just 9 days in OECD countries. The government's role has so far been limited to giving out grants and loans, but without an effective, enabling environment, implementation is far off the target. In this regard it will be interesting to see the contours of the recently announced Start-up Fund in this year's budget. For start- ups to thrive and succeed, the government has a lot to do and understand the importance of entrepreneurship in economic development.

Hiring:

The economy has been in a flux and along with the world economy the heady days of high growth are long gone. In an uncertain economy where, one is not sure about demand, for a start-up, it is particularly difficult to make correct estimates on the number of employees needed. This, however, is the minor problem where the biggest issue is about finding skilled manpower. India's skilling need is so huge that National Skill Development Corporation (NSDC) has been mandated to skill 150 million Indians by 2022. For a start-up, it is particularly difficult to attract and hire talent and skilled workers. A start-up often cannot match the salaries drawn at larger companies nor is a job at a startup seen as a steady one. This means start- ups face severe hiring challenges and at times have to settle for the next best option.

Funding:

Capital and access to capital has been a perennial problem for start-ups. While, of late angel investors, venture capital and private equity have brought succour to some extent, a large number of start-ups still grapple to raise funds from institutional setup. Funding challenge is not merely limited to seed rounds, but also for vital Series A and B rounds. For a start-up looking to scale, it is still very hard to raise rounds to scale as the number of investors that write larger cheques in India are very limited in number.

The Opportunities are as follows:

Demographic dividend:

According to the latest UN report India with 356 million 10-24-year-olds have the largest concentration of youth population despite having a smaller population than China. This augurs well for the country as right education and healthcare can see the economy soar.

Youth is the driving force behind innovation, creation, and the future leaders of a country. Youth also drives demand and consumption pattern in a country. For start-ups youth make up the workforce that it so desperately needs and going forward youth can be a huge talent base for start-ups.

Best suited to address emerging countries' challenges – India has a unique set of problems that need innovations to originate out of the country. Problems around its health, education, infrastructure, sanitation are unique to the country and solutions from western world cannot solve it. Each problem provides a unique opportunity for start-ups to solve some pressing issue and at the same time create a business around it. What helps is that most problems around emerging economies are similar in nature and solutions applicable here can also work in many countries in Africa and elsewhere. This enables Indian startups to acquire an even bigger scale and at the same time make a meaningful impact around the world.

Large population:

For start-ups in the country, it is not essential to go overseas. India, with over a billion people, present a very large home market for any goods or services. A rising disposable income and growing aspirations of a mushrooming middle class have meant there is a large appetite for brands. The large population has also led to a consumer expenditure growth, which has in turn has propped up supply and production. Start-ups that look to service and cater to the large population in solving a pain point or providing a utility in one of the world's most important consumer markets, stand to do well.

High Mobile penetration:

According to latest TRAI figures India's tele-density reached 76.55 percent with a subscriber base of 95.76 crore. Significantly wireless subscriber base touched

95.76 crore, just shy of 100 crore mark. High mobile penetration in urban and rural India has reshaped the economy of the country and how goods and services are offered. It has led to greater efficiencies and increased productivity. It has meant businesses profit through faster decision making, better logistics and even something like access to bank accounts. Higher mobile penetration has also led to increased financial inclusion and flow of credit to the unbanked. Growth in mobile penetration is transforming the way businesses and consumers communicate and work. With data enabled mobile phones, the very nature of start-ups and businesses have changed. For example, start-ups that develop mobile apps now have an ever- increasing market to cater to. India is at crossroads where it now has to cater to the aspirations of a billion people. Existing frameworks can prove to be inadequate and there is a great need to leverage a billion minds and become a global power. Start-ups and entrepreneurship are the best way forward in becoming a knowledge superpower. Ashish Mittal is founder and Chief mentor, Turning Ideas, focused on helping multiple start-ups in mobile, social and cloud domain. He was instrumental in starting Google Enterprise business in India and worked for Microsoft, Oracle and IBM. He is part of advisory board for multiple higher education Institutes and Government and also guides students in becoming Industry ready. He also drives charity for underprivileged known as Turning Life Foundation.

De-globalization:

Critics will argue that this will be a challenge, however, ever coin has two sides; it is a challenge for some, and opportunity for the others.

Brexit added fuel to the fire, while the new president of The USA has given early indications of lower corporate taxes, and destination taxes for US based corporations. Make in India, is also a part of this de globalized world, where we are promoting to make in India rather than anywhere else in the world. This is an opportunity for the Indian startups, more importantly, lesser brain drain, companies abroad will look to hire from India, and therefore greater talent pool will be available for start-ups. India is a more closed economy as compared to China, and we do have substantial exports to the US, but this will be unaffected, although de-globalization could have adverse-effect on larger corporations who will scale down operations and become more frugal, this would also present opportunities for start-up companies to fill the void.

Connectivity:

Indian telecom industry has nearly 100 crore subscribers, mobile connectivity has made inroads in the rural and urban population. Government of India’s digital push is going to improve connectivity and data to the next level. The race to cheapest data has started and disruption is certain. The cheap data has helps everyone to get their hands on it, start-ups will have an easier time to tap into markets, territories and even traditional businesses.

4.3 Challenges faced by Women Entrepreneur:

Conflicts between Work and Domestic Commitment's: Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business" (Starcher, 1996). Married women entrepreneurs have to make fine balance between the business and their home.

Problems access to finance: Women entrepreneurs are lacking access to finance because women generally do not have property in their names to use them as a collateral security for obtaining funds from external source. The bank also considers the women as less credit worthy and discourages the women entrepreneurs. The family members of her have little confidence in the capability of the women to run the business.

Lack of family support: This is common issue for every woman in India. Sometimes the family may make the women feel guilty of neglecting household duties in her pursuit of business obligations. Cultural traditions may hold back a woman from venturing into her own business.

Limited mobility: Unlike men, women modality for travelling from place to place in India is limited due to the various reasons. Women on their own find it difficult to accommodate in smaller towns even the dual responsibility that the women have to cope with making business success as well as looking after the home, restrict in their mobility.

Male Dominated Society: Important barrier to the empowerment of women through enterprise is the main chauvinist predominant social factor and believes are not conducive to the blossoming of women entrepreneur. This consideration act as a stumbling block in their strife for equal status with men in the economic activity.

Indian women give more emphasis to family ties and relationships: Married women have to make a fine balance between business and family. The business success also depends on the support the family members extended to women in the business process and management. **Role Conflict:** Entrepreneurship needs a high level of commitment, devotion and dedication. Women taking on mantle of entrepreneurship suffer from stress and strain caused by role overload and role conflicts.

Lack of proper Education: The greatest barrier of the entrepreneurial career among women is the lack of education. In India 60% of women are illiterate and illiteracy is the major problem of socio-economic backwardness. Lack of information and experience creates further problems in setting up of business.

Discrimination in childhood: Right from early childhood, girl child is taught not to be aggressive. They are discouraged to move out of the family and take up the business. This attitude of the family members makes women week and passive in approach.

Low need for Success: Need for achievement independence autonomy are the prerequisites for the success of the entrepreneurship. But women are proud to bask in the glory of their parents, husband, children etc. Their preconceived notions about the role in the life inhibit achievement and independence.

Low Risk Bearing Ability: Women in India need a protected life and they are confined to the four walls of house. They are less educated and economically not self-dependent and lack the entrepreneurial initiative or training, inferiority complex, unplanned growth etc. all this reduces the ability of women to bear a risk.

Lack of Self Confidence: Women lack of self confidence in their own abilities which is partly due to socio cultural environment. Having accepted a subordinate status for long even at home members of their family do not appear to have total confidence in their abilities and on their decision making.

5. FINDINGS, SUGGESTIONS & CONCLUSIONS

5.1 Findings.

Many businesses start with a dream, but it takes more than just a dream for them to grow into successful businesses—including the tenacity to overcome the many challenges facing start-ups today. Start-ups take time, effort, and energy. Funding is a major concern for start-ups and small businesses. When the economy tanked, it made it harder to convince investors and banks alike to part with the cash that's essential for growth in the early days of a business. Credit today is tight, and it's not clear precisely when it will become more readily available. Plus, there's a growing trend of smaller initial investments in early stage start-ups. Intensifying the challenge of raising funds, major leaps in technology have led investors to raise the bar in terms of how much legwork entrepreneurs are expected to do before even pitching their companies.

5.1 Suggestions:

Solutions for reason of failures:

- Entrepreneurs should conduct in-depth market researches to understand the need of the society and then proceed to the product design phase.
- Entrepreneurs need to analyse their business idea and think out of the box. An ideal example can be the number of start-ups in the ecommerce industry, but rarely anyone focuses on logistics-based start-up ideas, where the need is.
- Start-ups should aim to hire those people who share the same zeal to make the start-up successful.
- Entrepreneurs should reach out to multiple venture capitalists and know who is better aligned towards the goals of start-ups.
- Business process should involve meetings of the management team and technical teams on weekly basis to ensure a smooth workflow.
- Start-ups should be policy driven and offer same salaries to team members. It should offer incentives for performance-based work. Doing so will help manage the funding in an appropriate way.

- ➢ Entrepreneurs can enrol themselves at personality development classes to improve their soft skills or hire an experienced person for business communication.
- ➢ Entrepreneurs should keep a close watch on the growing demand for their product and focus on response time and capacity planning.
- ➢ An entrepreneur should keep up with changing market dynamics to see a decline in the demand for their product and take necessary steps to run the start-up profitably.

To remove the obstacles for Women Entrepreneur:

The basic requirement in development of women entrepreneurship is to make aware the women regarding her existence, her unique identity and her contribution towards the economic growth and development of country. The elimination of obstacles for women entrepreneurship requires a major change in traditional attitudes and mindsets of people in society rather than being limited to only creation of opportunities for women. Hence, it is imperative to design programmes that will address to attitudinal changes, training, supportive services. The basic instinct of entrepreneurship should be tried to be reaped into the minds of the women from their childhood. This could be achieved by carefully designing the curriculum that will impart the basic knowledge along with its practical implication regarding management (financial, legal etc.) of an enterprise. Adopting a structured skill training package can pave the way for development of women entrepreneurship. Such programmes can train, motivate and assist the upcoming women entrepreneurship in achieving their ultimate goals. Various schemes like the World Bank sponsored programmes can be undertaken for such purposes. The course design should focus on imparting input on profitability, marketability and practical management lessons. Besides, there should be consideration in helping the women entrepreneurs in balancing their family life and work life. As a special concern, computer illiterate women can be trained on Information Technology to take the advantage of new technology and automation.

The initiatives taken from these well-established entrepreneurs for having interaction with such upcoming women entrepreneurs can be proved to be beneficial in terms of boosting their morale and confidence. The established and successful women entrepreneurs can act as advisors for the upcoming women entrepreneurs. It may result in more active involvement of women entrepreneurs in their enterprises. Infrastructure set up plays a vital role for any enterprise. Government can set some priorities for women entrepreneurs for allocation of industrial plots, sheds and other amenities. However, precautionary measures should be undertaken to avoid the misuse of such facility by the men in the name of the women. Even in todays' era of modernization the women entrepreneurs depend on males of their family for marketing activities. This is simply because they lack the skill and confidence for undertaking such activities. Women development corporations should come forward to help the women entrepreneurs in arranging frequent exhibitions and setting up marketing outlets to provide space for the display of products or advertisement about services made by women

5.1 Conclusion:

- Start-ups are the future growth engines of our country and government should do all it can to foster the growth of entrepreneurship culture in India.
- Already Facebook, Google and Yahoo have acquired start-ups based in India and the likes of Flipkart, Inmobi, MuSigma show us that world class companies can have origins in India also. It just needs a little push in right direction.
- Government initiatives like the $1.68bn funds for the 'Make in India' and the new company law are a step-in right direction.

"The quicker you let go of old cheese, the sooner you will find new cheese"

-Spencer Johnson

6.1 Articles

ANGEL TAX BREATHER

Startup Definition Widened, More Relief for Investors

Investment limit raised to ₹25 cr from ₹10 cr for availing of tax exemption

Our Bureau

New Delhi: The government announced a series of changes aimed at freeing investors and entrepreneurs from the so-called angel tax that's roiled India's startup ecosystem. It raised the exemption threshold and kept investments by listed companies of certain minimum size, venture capital funds and non-residents in startups outside the ambit of the tax. The move is expected to bring relief to 16,000 companies that are registered as startups with the Department of Investment and Internal Trade (DPIIT).

"Startups' valuation was a contentious issue and we have clarified this," commerce and industry minister Suresh Prabhu told reporters. "Now DPIIT and the Central Board of Direct Taxes (CBDT) are on the same platform."

A notification issued by the government also widened the definition of startups to benefit a larger number of innovators and protect them from the tax. An entity that has been in operation for up to 10 years from its date of incorporation or registration will be considered a startup instead of the current seven years. A firm can be a startup if its turnover for any of the financial years since its incorporation hasn't exceeded ₹100 crore against the existing cap of ₹25 crore.

Helping Hand

BIGGER EXEMPTION LIMIT

Limit for waiver under Sec 56 (2) raised for recognised startups

Investment up to **₹25 cr** to get relief against ₹10 cr earlier

Investment by non-residents or VCs not included in this limit

Investment by frequently traded listed cos above a threshold also not included

Restrictions imposed on certain investments to be eligible for exemption

Simple self-declaration to avail exemptions

NEW DEFINITION

Startups to be recognised for 10 years against 7 years earlier

Turnover limit to remain a startup raised to **₹100 cr** from **₹25 cr**

Excluded Investors ▸▸ 23

Excluded Investors

▶▶ From Page 1

The investment limit was raised to ₹25 crore from ₹10 crore now for availing of tax exemption.

"Considerations of shares received by eligible startups for shares issued or proposed to be issued by all investors shall be exempt up to an aggregate limit of ₹25 crore," Prabhu said.

Under Section 56(2), when a closely held company issues shares at a price more than its fair market value, the difference is treated as income from other sources and taxed accordingly. This section, introduced as an anti-abuse measure by then finance minister Pranab Mukherjee in 2012, came to be dubbed the angel tax due to its impact on such investments in startups.

The ₹25 crore limit will exclude funds from certain sources. These include non-residents, Category 1 registered alternative investment funds and frequently-traded listed companies with a net worth of ₹100 crore or turnover of at least ₹250 crore.

The development comes in the wake of startups having been served demands for taxes on angel funds received by them. The commerce and industry ministry had told the finance ministry that the tax was a major impediment to the flow of investments into startups, which is a key element of the government's employment-generation strategy.

TAX SCRUTINY

CBDT member Akhilesh Ranjan said that the new norms don't address cases in which tax demands have already been raised.

"In cases where demand notices have been raised, we have directed the tax officers to not enforce recovery of demand. In such cases, they have to file an appeal," he said.

However, Ranjan said if the government later finds any case of money laundering, then the exemption would be revoked and tax would be imposed but scrutiny would not be related to Section 56.

"The DPIIT notification today addresses the issue of angel tax, that is Section 56(2)(vii)(b) for all startups with notices and those who could have gotten one," said Sachin Taparia, founder of LocalCircles.

Both the increase in investment limit to ₹25 crore and self-declaration procedure with DPIIT are gamechangers for the startup fraternity, said Venture Catalysts cofounder Anuj Golecha.

"Earlier, there were a lot of redundancies, stretched timelines, and red-tapism due to the procedures, which will now be eliminated," he said. "This will further ensure a conducive environment and enable quick processes for budding entrepreneurs."

CONDITIONS APPLY

An entity will also be eligible for exemption if it's a private limited company recognised by DPIIT and is not investing in specified asset classes. However, for being eligible for exemption under Section 56(2)(vii)(b), a startup should not be investing in immovable property, transport vehicles above ₹10 lakh, loans and advances, capital contribution to other entities and some other assets except in the ordinary course of its business. Startups only need to furnish a self-declaration that they are not involved in any of these activities beyond the ordinary course of business.

"Our intention was never to tax investments. Now that end use has been locked, we are not concerned about valuation," said DPIIT secretary Ramesh Abhishek.

To avail of these concessions, eligible startups will have to file a duly signed self-declaration with the DPIIT. The department will then transmit these declarations to CBDT.

The valuation of shares is also no longer a criterion for exemption of investments in eligible startups under Section 56. There is no need to separately apply for exemption under the section and there will be no case-to-case examination of startups.

The department will conduct a roundtable with stakeholders on March 1 on the next set of reforms, ways to augment investment in startups, incentivise angel investment and explore the concept of accredited investors.

Abhishek said the DPIIT will develop a mechanism so that the self-declarations can be directly sent to the CBDT.

6.2 CASE STUDIES

(A) Cheez-burger:

Entrepreneur: Ben Huh, founder of Seattle-based Cheez-burger, which owns the websites Fail Blog and I Can Has Cheez-burger (home of the LOLcat).

Setup: Huh was a 22-year-old journalism major when he moved to Chicago and founded software analytics firm Raydium in January 2000. He'd worked at startups but didn't have much experience or a network to raise money easily. Still, he cobbled together $750,000 over two rounds.

"Uh-oh" moment: Eighteen months later, he hit a wall. "You're hopeful to the end, but we were flat out of money and couldn't meet payroll," he says. Huh tried raising more money, but the dot-com crash was in full effect, and there was none to be had. For two weeks, he says, he could barely leave his room. "These investors had put a fortune on their faith in me, and you feel like you should have rewarded their faith," he recalls. "You feel like you can't do another company again."

The way out: Six years passed before Huh decided to buy I Can Haz Cheezburger and begin building his funny-blog empire. During that time, he came to terms with the fact that investors understood the risks, and that Raydium might not have worked even if he'd raised enough money. He compares the process of starting over to getting back on a bicycle: "You know how painful it can be, but you do it anyway," he says. "I think you are better prepared, mentally and financially, but you never know if it's going to be successful. That's called maturity."

Success: Huh took over Cheez-burger in September 2007. The blog network now receives 25 million unique visitors and half a billion-page views per month, and has raised more than $32 million to jump-start a platform that will allow anyone to create memes. Cheez-burger boasts 90 employees, a handful of whom star on the Bravo reality TV show LOLwork.

Take-away: Draw some kind of line between business and personal life, especially when it comes to finances. Huh mixed his credit cards and ended up shouldering company debt when Raydium folded. "But once you realize those limits, go for them," he says. "Think of it as the best education money can't buy."

(B) The Muse:

Entrepreneur: Kathryn Minshew, CEO and co-founder of New York-based The Muse, a career-development platform with original content, interactive job boards and comprehensive company profiles.

Setup: In December 2010 Minshew quit her job at the Clinton Health Access Initiative to run Pretty Young Professionals (PYP), a women's networking site she had started with three co-workers a couple of months before. She bootstrapped the company and guaranteed a small payroll with personal savings, working as an unpaid CEO and editor in chief. By spring 2011 she'd managed to attract only 9,000 users. Then, a redesign increased user to 20,000, and the other members of the founding team began to get more involved.

"Uh-oh" moment: The group splintered in half after an argument about how best to run the company, and the threat of a lawsuit loomed. "We split our equity on a piece of notebook paper. We didn't have lawyers; I didn't think we needed them," Minshew recalls. "I spent three weeks alternating between the fetal position and the whiteboard trying to figure out how strongly I wanted to fight for the existing company vs. how prepared I was to strike out and do it over."

The way out: Minshew decided on a do-over, watching PYP's rebranding from the sidelines. In September 2011 she launched The Daily Muse (now called The Muse), and PYP's entire staff, plus another co-founder, joined her. The Huffington Post and TechCrunch covered the launch; the site drew more visitors in its first month than PYP had in its best. "The community knew what happened and stood behind us with tweets and shares," Minshew says. "It was painful, but being forced to start over was a unique sort of gift, because having been through a lot together, the team comes out of it with the confidence that nothing is going to stop us."

In November, she was accepted into the prestigious Y Combinator accelerator program. She added mobile, local and social media functionality to her platform to look more like a "billion-dollar" startup.

Success: She's still out $20,000 in savings, but by the end of 2012 the website had nearly 2 million users in more than 160 countries, increasing at a rate of 30 percent every month. The Muse, now with eight employees, has partnerships with 60-plus companies, including Intel, Sephora, NPR, Pinterest, Twitter and foursquare.

Take-away: In a business partnership, formalize the process and paperwork, and hire a lawyer who can spot problems you never dreamed would arise--just in case things get personal. And of course, choose your partners wisely. "It's so important to find people who share your values and ethics," she says. "There are a lot of things you can paper over, and having different sets of opinions is valuable, but not when it comes down to code of conduct."

C) Jio Mart.

In September 2016, Mukesh Ambani officially launched his telecommunication venture called Jio (Joint Implementation Opportunities) and set an example by turning Jio into the largest mobile network in India and the third-largest mobile network operator in the world with over 322.99 million subscribers

Witnessing the growth in revenues, profits, and market share in the above-mentioned sectors, Mukesh Ambani is now all set to try his hand at e-commerce through his new venture called **JioMart**

India's online grocery segment: The players

Company	Launch date	Presence (no. of cities)	App downloads
Amazon Fresh	August, 2019	9	314 million (for Amazon)
Flipkart Supermart	November, 2017	5	361 million (for Flipkart)
Swiggy Stores	February, 2019	30	89 million (for Swiggy)
BigBasket	October, 2011	26	34 million
Grofers	December, 2013	30	30 million

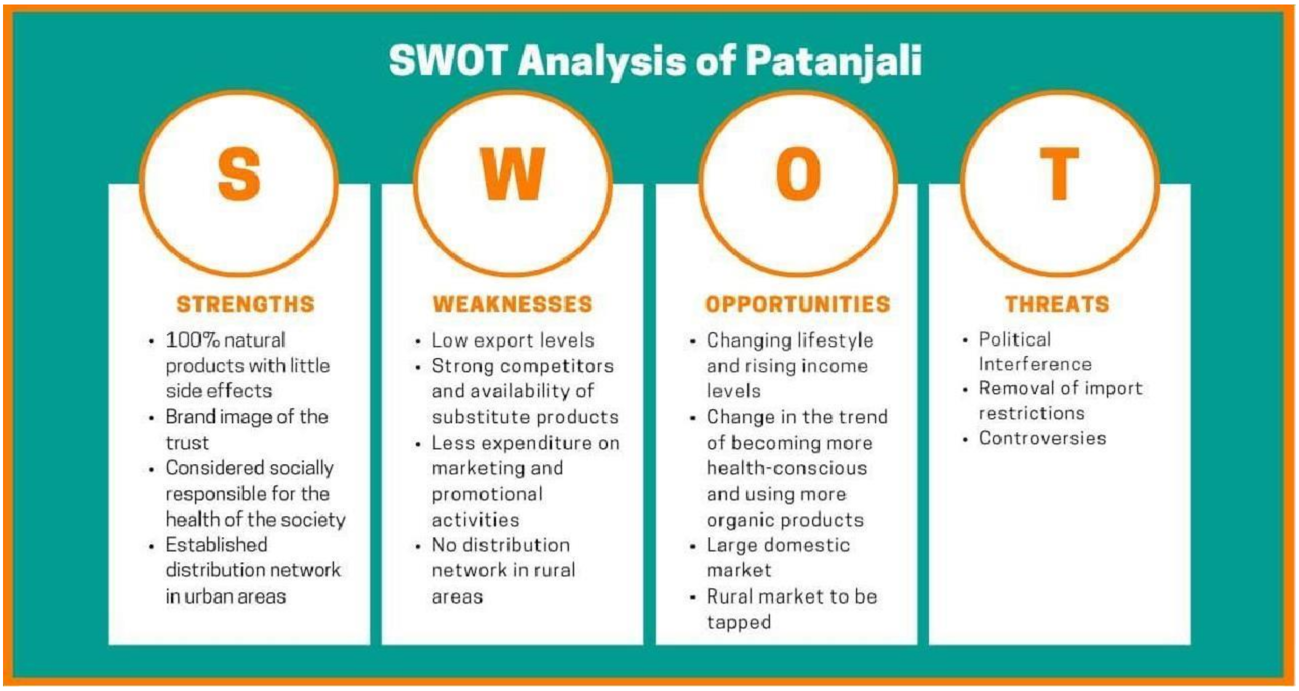
Company	Launch date	Presence (no. of cities)	App downloads
JioMart	December, 2019	200+	4 million

JioMart is not just stretching far and wide, it's also building strength via partnerships and acquisitions

Ambani is not just going for geographic expansion but he is also on a spending spree to boost JioMart's offerings to its customers. According to JPMorgan, JioMart's stock keeping units (SKU) is only second to Big Basket. However, the comparison didn't include players like Flipkart, DMart and other new entrants like Swiggy and Zomato.

D) Patangali Ayurved.

Patanjali Ayurved Limited was established in 2006 with the thought of rural and urban development. The company is not merely an organization but a thought of creating a healthy society through Yoga and Ayurveda.



Patanjali Ramdev reported a **9%** jump in its revenue in FY21 and the net profit grew 14%. The net profit of Patanjali was Rs 485 crore while its revenue was around Rs 1000 Crores. The fast-moving consumer goods (FMCG) major Patanjali Ayurved has reported a 22% growth in its net profit for 2019-20 (FY20). According to the financial data accessed by business intelligence platform Tofler, the group's flagship entity reported Rs 423 crore net profit for the year, compared to Rs 349 crore it had posted in 2018-19 (FY19).

Patanjali Ayurved, earned over 80% of Patanjali Group's total revenue, such that its operating revenue grew 6% to Rs 9,023 crore in FY20.

The firm's top-line growth remained higher than the previous year. In FY19, the Ayurveda major had clocked Rs 8,330 crore turnover - 2.4% higher than Rs 8,136 crore it had posted in 2017-18 (FY18).

Since its sales lost momentum in 2016-17 (FY17), Patanjali is yet to regain the momentum it used to have earlier.

In 2014-15 and 2015-16 (FY16), its revenue had grown 86% and 100%, respectively.

In recent years, its net profit, too, has suffered. Despite double-digit growth, Patanjali's net profit fell well short of the Rs 1,190 crore it had reported four years ago.

In FY20, its net profit margin stood at 4.67%, compared to 13.3% in FY17 and 16% in FY16.

Some anticipated incomes of ₹5,000 crores ($720 million) for 2015–16. Patanjali proclaimed its yearly turnover for the year 2016-17 to be ₹10,216 crores ($1.5 billion). It was recorded thirteenth in the rundown of India's most confided in brands (The Brand Trust Report) starting in 2018, and positions first in the FMCG classification.

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