

YOJANA SUMMARY

START UP INDIA

APRIL 2023

What Is A Startup?

- A startup is an early-stage entrepreneurial venture that is typically formed to solve real-world problems.
- Because many startups address societal needs, they attract investors and funders due to their tremendous growth potential

What Is Startup India Scheme?

- Startup India is a flagship initiative of the Government, intended to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India.
- Since the launch of the initiative on 16 January 2016, Startup India has rolled out several programs with the objective of supporting entrepreneurs, and transforming India into a country of job creators instead of job seekers.

What is a Unicorn?

- The term 'Unicorn' refers to the rarest of the rare startups that become Unicorns attaining valuation of more than USD 1 billion.

What is Seed Funding?

- Seed funding is the first official equity funding stage. It typically represents the first official money that a business venture or enterprise raises.
- The **Startup India Seed Fund Scheme** has been approved for the period of 4 years starting from 2021-22.
 - The Scheme aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market-entry, and commercialization.

What is An Incubator?

- Incubators play a vital role in the growth of startups. They provide the necessary resources such as infrastructure, mentorship, and financial support to nurture and support the innovation of startups.

What is A Pitch?

- A pitch is a brief presentation or introduction to a prospective investor about the startup.
- The goal of a pitch is not to answer every possible question about the startup, but rather to engage an investor's interest in learning more about it.

Who Are Angel Investors?

- Angel investor means any person or entity who proposes to invest in an angel fund and satisfies one of the following conditions, namely,
 - An individual investor who has net tangible assets of at least two crore rupees excluding value of his principal residence (among other criterions);
 - A body corporate with a net worth of at least ten crore rupees; or
 - An AIF registered under these regulations or a VCF registered under the SEBI (Venture Capital Funds) Regulations, 1996.

Demographic Dividend In India

- Today, the world is rapidly ageing, but India is still young and **going to remain the youngest until 2070**. Out of 1.4 billion human resources, about a billion Indians are under the age of 35 today. Our average age is 29. In 2047, 21% of the global workforce will be in India.
- To ensure that India fully reaps the benefit of its demographic dividend, the government of India is planning and executing policy meticulously.
- **Startup India** has been decisive and phenomenal among the series of interventions by the government of India for making India's youth the best in the world.
- Launched on the 16 January 2016, Startup India today has become a globally known journey of India's fast paced, always innovating and resilient entrepreneurial ecosystem.

Opportunities For Youth

FDI Received

- Out of the \$950 billion in FDI received since independence, \$532 billion came in the last 8 years or so.

Various Initiatives

- With the initiatives like Digital India, broadband connectivity in villages drove the growth of the startup ecosystem, especially in remote parts of the nation.
- **'MAARG' portal** is helping innovators and startups from remote areas to get access to crucial opportunities and funding ecosystem.

Domestic Demands

- According to a study, every Indian born after 2000 will spend around 'two hundred and forty thousand dollars' in their lifetime.
- If one multiplies this number by 1.6 billion, the **amount is \$384 trillion**. That is the sheer size and magnitude of the Indian domestic market and demand by 2047.
- Today, **11 percent of the world's population lives in Indian villages**. By 2047, 20 percent of the world's middle class will be in India.
- In the next 25 years, there will be an entirely new Urban population that will need A to Z of things. Young entrepreneurs have a myriad of sectors to innovate in and positively disrupt the market.

Scope In Knowledge-based Digital Economy

- In the Union Budget 2023-24, the Finance Minister talked of making India a knowledge-based digital economy. The Government of India is moving towards 100 percent digitisation of government processes to make them more citizen-centric.

Startup India: Fact Sheet

- Number of Startups – 452 (At the launch of Startup India)
- Number of Startups recognised by DPIIT – 92,888 (on Feb 2, 2023)
- In 2021, A Unicorn was added in every 29 days. In 2022, A Unicorn was added in every 9 days.
- Today India is #1 in starting new startups everyday.
- India ranks #2 in number of startups
- India has world's 3rd largest startups ecosystem
- Ecosystem can generate 4-5% of the GDP of the country.
- It has 3rd largest unicorns of the world.
- India has established 1st Startup 20 engagement group in G20 Presidency.

- Under this, a **Digital Public Infrastructure** will be developed for the farmers of the country.
- **ICMR labs will also be made available to private medical colleges** and private sector R&D companies to promote health- based research. A new programme will be started through the Centre of Excellence to promote research and innovation in pharmaceuticals.
- **District Institutes of Education and Training Centres** will be developed for revolutionary change in the training of teachers. **A National Digital Library** will also be built.
- Under the **Pradhan Mantri Kaushal Vikas Yojana**, skilling and training will be given for artificial intelligence, coding, 3D printing, and Internet of Things.
- A total of 30 Skill India International Centres, 3 Centres of Excellence for Artificial Intelligence, and 100 labs for the development of 5G applications will be opened in the country. The Government will also give stipends to 47 lakh youth so that everyone gets an equal opportunity.
- To facilitate the use of data arising from the Indian digitisation, the Government is soon going to introduce the **National Data Governance Policy**.
- **Opportunities In Energy Sector**
 - While promoting sustainable living, there is a provision of Rs. 35,000 crore for energy transition in this budget.
 - Rs. 20,000 crore have been given for the **Green Hydrogen Mission**.
 - India holds the fourth position in the world, in the field of solar energy. The recently- discovered lithium deposits in Jammu and Kashmir are also likely to open up new opportunities.
- **Innovators In Futuristic Technology**
 - The tech sector revenue surpassed USD 200 billion. Armed with the philosophy of Atmanirbhar Bharat, the Government is more than prepared to enable these homegrown businesses to emerge as global giants and the Indian innovators to lead in the area of futuristic technology.
- **National Logistics Policy: A Boon For Startups**
 - To boost the ease of doing business and enhance the livability quotient, National Logistics Policy (NLP) was launched in September 2022.
 - The policy aims to lower the cost of logistics from the existing 13%-14% range and bring it on par with other developed countries.
 - This will increase the competitiveness of Indian products. Moreover, the reduced cost will also increase efficiency efforts across all sectors of the economy.
 - The NLP's transformational capacities further increase when combined with previous connectivity and infrastructure improvement schemes like **Gati Shakti, Sagarmala, and Bharatmala**.
- **India- knowledge and Content Hub Of World**
 - Today, India's Yoga Day and International Millets Day are the most popular among the programmes celebrated by the United Nations.

GDP of India

- 5th largest economy currently close to \$3.5 trillion
- \$5 trillion economy by 2025-26
- 2/3rd of Indian GDP is driven by domestic demand
- India reached:
 - 1st trillion in 63 yrs
 - 2nd trillion in 8 yrs
 - 3rd trillion on 5 yrs

- **AVGC Sector**

- The Animation, Visual Effects, Gaming and Comics (AVGC) sector in India has witnessed unprecedented growth rates.

- **Defence & Space Sector**

- The country, is today exporting defence equipment to 75 countries around the world.
- The country's defence exports have increased 6 times in the last 5 years. The target is to increase Indian defence exports from \$1.5 billion to \$5 billion by 2024-25.
- The government launched the **Innovations for Defence Excellence (iDEX)** framework.
- The goal of iDEX is to encourage innovation and technology development in the Defence and Aerospace sectors by involving industries such as MSMEs, startups etc.
 - The Government has approved a central sector scheme for iDEX with a budgetary support of Rs 498.78 crore for the five years from 2021-22 to 2025-26.
- The problem statements emanating from the defence forces are launched under the iDEX framework for the development of technology and prototypes, thus, addressing the real-time problems of defence forces.

- **Agriculture Startups**

- The Agricultural Budget has been increased to more than Rs. 1,25,000 crore today.
- India is home to more than 3000 agri-startups today.
- The introduction of **accelerator funds for agri-tech startups** is not only creating digital infrastructure but also preparing funding avenues.
- **Shree Ann** is being promoted for the benefit of our small farmers as well as to increase the growth possibilities of startups in this sector.

STARTUP INDIA ACTION PLAN - FOUNDATION OF INDIAN STARTUP ECOSYSTEM

- India's startup ecosystem growth story has become a globally renowned case of a structured development and evolution of an ecosystem and community.
- About 47% of recognised startups have **at least one woman director**. The inclusiveness and diversity of the Indian startup ecosystem are truly encouraging.

Steps Taken By Govt To Promote Startups In India

- Prime Minister on 16 January 2016 unveiled the Startup India Action Plan 2016.

- **Startup India Action plan**

- The Action Plan comprises 19 action items spanning across areas such as '**Simplification and handholding**', '**Funding support and incentives**', and '**Industry- academia partnership and incubation**'.
- The Action Plan sets the tone for recognising startup as a distinct economic pillar and laid out the key interventions to be executed in a phased manner.

- **Institutionalisation**

- The DPIIT institutionalized **Startup India Hub** ('the Hub'), a one stop online portal to execute the Action Plans.

- The Hub functions in a hub-and-spoke model and enables an end-to-end digital programme execution regime. All stakeholders of the startup ecosystem can interact and collaborate with Startup India Hub.
- **Funding Needs**
 - The DPIIT is implementing **Fund of Funds for Startups (FFS)**, **Startup India Seed Fund Scheme (SISFS)**, and **Credit Guarantee Scheme for Startups (CGSS)**.
 - These Schemes enable funding to startups through their entire business lifecycle.
 - The SISFS provides funding in form of grant or debt for startups in early stages of their growth, FFS mobilises private equity capital for high growth startups and CGSS promotes collateral free debt funding for mature startups.
- **Encouraging Participation of States**
 - The DPIIT launched **States' Startup Ranking Framework (SRF)**, an exercise to identify good practices, foster mutual learning amongst States and UTS.
 - SRF is complimented by capacity building measures. This includes initiatives like **Startup India Yatra** to nurture the culture of entrepreneurship amongst the students.
- **Promoting Culture of Startup**
 - To identify the depth, quality and spread of innovation, inclusivity and diversity, and entrepreneurship in country, the DPIIT launched **the National Startup Awards (NSA)**.
- **Coordination Between Various Stakeholders**
 - For this, **Startup Advisory Council (NSAC)** was formed.
 - Chaired by the Minister of Commerce and Industry, the Council includes members from line Ministries, Departments and Organisations, and non-official members, representing various stakeholders from the startup ecosystem.
 - The Council is playing an important and active role in identifying areas of interventions for expansion of the startup ecosystem.
 - Programmes such as **MAARG National Mentorship Program**, **Incubator Capacity Development Program**, **Startup India Investor Connect portal**, etc. are all ideated and incubated by this Council.
- **G20 & Startups**
 - The institutionalization of the **Startup20 Engagement Group** within G20 provides India with another opportunity to lead from the front, unite the world to support the entrepreneurship ecosystem and take our startups to a global stage.

Conclusion

The startup ecosystem is evolving rapidly, driving the country's growth phase through digital transformation of sections of the economy encouraging private investment, transition to clean energy and providing innovative solutions.

A NEW DAWN FOR THE GLOBAL STARTUP ECOSYSTEM UNDER INDIA'S G20 PRESIDENCY

- With **India's G20 presidency**, the global startup ecosystem is on the cusp of a new dawn as the grouping has agreed to **India's proposal to create the Startup20 Engagement Group**.
- The Startup20 is an unprecedented opportunity to internationalise India's ecosystem.

- This is significant as the member countries have more than 750,000 startups; 41,000 incubators; 21,000 Angel, Venture Capital, and Private Equity Funds; and 1200 Unicorns.
- Until this year, startups have never had their own engagement group that will carry their voice to the Global Twenty heads of state in the form of an official Policy Communiqué.

About Startup20

- The overarching goal of the Startup20 is to propose a policy framework that achieves **two objectives** simultaneously:
 - harmonisation of global startup ecosystems to facilitate their collaboration, and
 - doing so without compromising the national ecosystems' freedom to grow in whatever way they see fit.
- To accomplish its goals, the Startup20 has formed **three Task Forces**: Foundation and Alliances, Finance, and Inclusion and Sustainability.
- **Foundation and Alliances Task Force**
 - It seeks to foster a global community of knowledge sharing among startup ecosystems, as well as to bridge the knowledge gap between G20 member countries.
 - The main goals of this Task Force are:
 - to harmonize the global startup ecosystem through consensus-based definitions,
 - to promote a global community of knowledge sharing among startup ecosystems,
 - to bridge the knowledge gap between the startup ecosystems of G20 member countries,
 - To create supportive policies for industry players and government organisations to work with startups, and to provide country point of contact for sustained collaboration.
- **Finance Task Force**
 - It aims to increase access to capital for early-stage startups.
 - It is primarily responsible for bringing stability to startup investments at the global, regional, and national levels, identifying triggers that lead to investment fluctuations.
 - It is also aimed at:
 - minimising risks for startups,
 - mitigating funding imbalances in critical sectors such as agriculture, healthcare, and climate resilience,
 - developing congruence between societal, corporate, and areas of global interest to **develop equal funding opportunities**.
- **Inclusion and Sustainability Task Force**
 - It seeks to create equal opportunities for startup founders regardless of gender, race, class, or creed.
 - This Task Force aims to promote startups working on **Sustainable Development Goals (SDGs)** in areas of global interest.
 - A significant focus of this Task Force is to increase support for **women led startups and organisations**.
 - Another focus area is to enable more investors to invest responsibly in startups built upon sustainable practices, encourage mentorship support to the startup ecosystems of the G20 member countries and emerging economies.

Startup20x

- The Startup20 Engagement Group had its Inception Meeting in Hyderabad in January 2023.
- During this meeting, the unique, bottom-up, and generative platform, **Startup20x** was launched.
- Startup20x is designed to harness such bottom-up voices and inform global startup policy.
- It will achieve this goal by inviting startup ecosystems around the world to co-brand and share their content on a global scale.
 - To distribute the content the platform has partnered with several channels.

Conclusion

The goal of Startup20 is to create an environment that amplifies all such startups, in keeping with India's G20 theme of One Earth, One Family, One Future.

AGRI-STARTUPS: CHALLENGES AND OPPORTUNITIES

Statistics

- India's **arable land area of 156.06 million hectares** (2019) is the world's second-largest after the United States. Our country has an incredible diversity of climate and soil types.
- India is currently **the world's largest producer** of milk, pulses, Millets and jute, as well as the **world's second largest producer** of rice, wheat, and fruits and vegetables.

Challenges

- The shrinking size of operational landholdings is a major source of concern, as small landholdings raise transaction costs, making it difficult to adapt several modern technologies.
- It also becomes difficult to use inputs and natural resources efficiently.
- Many farmers do not have easy access to timely information about soil, weather, markets, advisories, and other topics.

Agri-Startups

- **Need**
 - Agri-startups strive to provide solutions through innovations, technology interventions or business models specific to the need of farmers mostly on a real-time basis.
 - As a result of the Government's ongoing efforts, our country now has 3,000 agri-startups operating in various agricultural fields and allied sectors.
- **Modes and Models**
 - Agri-startups are further classified based on their focus areas, such as agri-tech, animal husbandry, etc.
 - Agri startups typically operate at one or more stages of the agricultural value chain.
 - In recent years, some notable business models in the agricultural space have emerged, including the *farm to fork supply chain model*, *IoT (Internet of Things) or big data-led innovation model*, and the *upstream market place model*.
- **Policies and Promotions**
 - The **Agri-Business Incubator (ABIS) Centres** were established primarily in R&D institutions, in 2015-16.

- ABIS facilitates the growth of startups through a variety of services including shared facilities and equipment, business development, technology, finance, mentoring, and networking.
- In India, there are over **100 agri-focused incubators**, most of which are housed in academic and research institutions such as the Indian Council of Agricultural Research (ICAR) and agricultural universities.
- ICAR- ABIs, launched under the **National Agriculture Innovation Fund project** (2016-17), provide technical support and incubation services to startups providing solutions in various fields of agriculture and allied sectors.
- In 2019-20, the Department of Agriculture, Cooperation, and Farmers Welfare has added a new component called the '**Innovation and Agri-Entrepreneurship Department**' to its flagship scheme, the **Rashtriya Krishi Vikas Yojana** (RKVY-RAFTAAR).
 - Under this programme, a selected startup is eligible for a maximum financial assistance of Rs. 25 lakh at the seed stage.
- The Ministry of Agriculture and Farmers Welfare hosts an annual event called **Agri-Hackathon**, where agri-startups provide viable and innovative solutions to identified challenges and problems.
- Following the success of agri- hackathons, similar events are now being planned in the animal husbandry, dairy, and food processing industries.
- The Department of Science and Technology has set up 25 **Technology Innovation Hubs** (TIH). These are involved in the applications of IoT and AI in agriculture.
 - The TIH foundation at IIT Kharagpur is working on AI-based precision agriculture technologies as well as predictive and forecasting models for crop and soil health monitoring.
- Since 2016, the DST has been implementing an umbrella programme called **NIDHI (National Initiative for Developing and Harnessing Innovations)** to promote S&T-based entrepreneurship and startup ecosystems in the country.
 - **NIDHI-PRAYAS** provides technical and financial support to innovators and startups from the idea stage to the prototype stage;
 - **NIDHI-TBI** nurtures startups into successful enterprises; NIDHI-SSP provides early-stage funding; and
 - **NIDHI** creates CoEs a world-class facility to help startups go global.
- **Intentions and Investments**
 - The year 2023 has been designated as the International Year of Millets.
 - More than 500 startups in India are working in the millets value chain, of which 250 startups have been incubated by the **ICAR- Indian Institute of Millets Research under RKVY- RAFTAAR**.
 - Engagement of agri-tech startups and companies in public-private partnerships was announced for the Union Budget 2022-23 to deliver the latest technology education to farmers and aid in implementation.
 - Other policies and government- sponsored funds for **agri-tech startups in drones** and farming as a service were also announced.
 - NABARD is facilitating a fund with **blended capital** raised through a co-investment model to finance agri-tech startups and rural farming enterprises.
 - This scheme provides funding to startups that support food producer organisations, farm rental services, and technology incorporation.

- The Government announced an **agricultural-focused accelerator fund** in the current Budget (2023-24) to encourage agri-tech startups in rural areas of the country.
 - The Fund is aimed at building innovative and effective agri-tech solutions for farmers so as to improve access to market linkages and yields.

- **Way forward**

- According to the Economic Survey (2022-23), agri-tech startups have raised approximately Rs. 6600 crore from private equity investors over the last four years, representing a growth rate of more than 50% per year.
- The National Academy of Agriculture Sciences in New Delhi has recommended that each research and education organisation establish a Business Incubation Center to promote agripreneurship.
- To bring synergies, an agri-incubator monitoring cell could be established.

WOMEN ENTREPRENEURSHIP IN MSME SECTOR

- According to the Registrar General of India, the **work participation rate for women stands at 25 percent** which is one of the lowest in the world.
- Frequent reports indicate a lack of safe and quality childcare support a major contributing reason for this decline.
- The passage of the Maternity Benefit Act in 2016 and its amendment in 2017, paved the way for a landmark shift in providing quality childcare services to children.
- However, there is a lack of infrastructural facilities e.g., proper crèche facilities and their maintenance with decent infrastructure and other resources needed for the same.

Women and MSME

- Women- owned enterprises account for approximately 18.67% of the total MSMEs registered on Udyam Registration Portal, over last three years.
- Similarly, the share of women employed by the MSMEs registered on Udyam portal, in around two and a half year is 23.59% out of the total employment by the MSME registered units during this period.
- A 2022 report on the 'Opportunities and Constraints of women-owned very small enterprises in India' brought out by the International Finance Corporation (IFC) has identified lack of access to credit as an important constraint being faced by women entrepreneurs.

Steps Taken By The Government

- The Public Procurement Policy for Micro and Small Entrepreneurs Order, 2012 (as amended in 2018), mandates that 3% of the total annual procurement by Central Ministries/ Departments/CPSEs shall be from women-led Micro and Small Enterprises (MSEs).
- The Ministry has launched the **National Scheduled Caste Scheduled Tribe Hub**, to promote inclusivity and entrepreneurship.
 - More than 12,000 women aspiring/existing entrepreneurs have been trained.
- Under the Ministry's flagship scheme- **Prime Minister's Employment Generation Programme (PMEGP)**, since inception in 2008, **2.59 lakh women entrepreneurs** out of a total 8.37 lakh entrepreneur have been provided credit support with the subsidy for setting up new micro-enterprises.

- **Under CGTMSE**, to support Women Entrepreneurs, with effect from 1 December 2022, a concession of 10% in guarantee fee (over the normal rate) and enhanced guarantee coverage of 85% (against 75% in other cases) have been introduced in respect of loans given to women entrepreneurs.
- **Khadi and Village Industries Commission (KVIC)**, has engaged 3.99 lakh women artisans (80%), out of the total 4.97 lakh artisans in the country, under its Khadi Programme.
- In the coastal states of the country, Coir Board, under different schemes, imparts training to women workers on manufacturing quality coir products.
 - During the last five years, 21,654 women have been skilled through these programmes.

Artisan-Based Cluster Development:

- Under the Scheme of Fund for Regeneration of Traditional Industries (SFURTI), a special focus has been given to provide sustainable livelihood to artisans through the formation of manufacturing collectives in the traditional sector.
- Under this scheme, revamped in 2014, around 1.49 lakh women artisans out of a total of 2.97 lakh artisans have been supported. Out of 498 clusters approved so far, 86 clusters are 100% women- artisan clusters.

OPPORTUNITIES FOR MSMEs IN 'AMRIT KAAL'

The Amrit Kaal, or post-Covid-19 era is expected to bring new opportunities for the MSMEs in India.

Scope and Potential in Amrit Kaal

- Some of the key opportunities for the MSMEs in India's Amrit Kaal are:
- **Digital Transformation:** The Covid-19 pandemic has accelerated the adoption of digital technologies across industries, and the MSMEs in India need to embrace this change to remain competitive.
- **Export Opportunities:** The Government has launched several schemes, such as the Export Promotion Capital Goods (EPCG) scheme and the Merchandise Exports from India Scheme (MEIS), to support the MSMEs in exporting their products and services.
- **Infrastructure Development:**
 - The Government has announced several initiatives, such as the National Infrastructure Pipeline and the Atmanirbhar Bharat Abhiyan, to boost infrastructure development in the country.
 - The MSMEs can play a significant role in this by providing goods & services, to support infrastructure projects.
- **Healthcare Sector:**
 - The Covid-19 pandemic has highlighted the importance of the healthcare sector, and the MSMEs in India can leverage this opportunity by providing goods and services to support the healthcare industry.
 - The MSMEs can further explore opportunities in the areas such as medical devices, personal protective equipment (PPE), and healthcare IT solutions.
- **Green Energy:**
 - MSMEs can explore opportunities in areas such as solar energy, wind energy, and energy storage solutions.
 - With an increasing focus on environmental sustainability, the MSMEs that offer eco-friendly products and services can tap into a rapidly growing market.

Role of MSMEs In Indian Economy

- They account for over **45% of India's total manufacturing output and employ around 110 million people**.
- The MSMEs also contribute to the development of rural areas by providing employment opportunities and helping in the decentralisation of industries.
- They play a crucial role in the socio-economic development of the country, especially in the rural areas, by creating jobs and reducing poverty.
- The MSMEs are also essential in promoting entrepreneurship and innovation in the economy.
- The MSMEs play a significant role in promoting exports and contributing to the country's balance of payments. The sector **accounts for over 40% of India's total exports** and is critical to promote the country's trade relations with other countries.

Government Initiatives For The Sector

1. **Funding Support:** These includes the **Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)**, the **Prime Minister's Employment Generation Programme (PMEGP)**, and the **Micro and Small Enterprises Cluster Development Programme (MSE-CDP)**.
2. **Technology Upgradation:** One such initiative is the Technology Upgradation Fund Scheme (TUFS), which provides funding support for technology upgradation and modernization of the MSMEs.
3. **Skill Development:** The **National Skill Development Corporation (NSDC)** and the **Skill India Mission** are two initiatives aimed at providing training and skill development to the MSME workforce.
4. **Market Access:** The **National Small Industries Corporation (NSIC)**, which assists MSMEs with marketing, and the Public Procurement Policy for Micro and Small Enterprises (MSEs), which provides a 25% reservation for MSEs in government procurement.
5. **Regulatory support:** These include the Udyog Aadhaar registration process, which simplifies the registration process for the MSMEs, and the MSME Facilitation Council, which provides a platform for the MSMEs to resolve their grievances related to regulatory compliance.

Other Initiatives

- **Digital MSME Scheme:** This scheme aims to encourage the adoption of digital technologies by the MSMEs.
- **National Manufacturing Competitiveness Programme (NMCP):** This scheme aims to enhance the competitiveness of the manufacturing sector, including the MSMEs.
 - It does so by providing support for the technology upgradation, quality certification, marketing assistance, and skill development.

MSMEs and Defence Manufacturing

- Some of the opportunities for MSMEs in defence manufacturing include:
- **Offset Policy:**
 - Under the Offset Policy, foreign firms that win defence contracts in India, must invest a certain percentage of the contract value in India's defence manufacturing sector.
 - This opens up significant opportunities for MSMEs to collaborate with foreign firms and participate in defence manufacturing.
- **Defence Procurement Procedure (DPP):**
 - The DPP encourages the participation of the MSMEs.

- **Innovation for Defence Excellence (iDEX):**

- The iDEX initiative promotes innovation and indigenization in the defence manufacturing by providing funding support, mentorship, and incubation facilities to MSMEs and startups working in the defence sector.

- **Defence Investor Cell (DIC):**

- The DIC is a dedicated cell under the Department of Defence Production that assists and supports the MSMEs interested in making investments in the defence manufacturing sector.

- **Defence Industrial Corridors (DICs):**

- The Government has identified six regions across the country as DICS, which are aimed at promoting the development of defence manufacturing clusters.
- The MSMEs can take advantage of these clusters to access infrastructure, technology, and market linkages.

FDI Advantages for Indian MSMEs

Foreign Direct Investment (FDI) can provide several benefits to the Indian MSMEs including:

- Access to Capital; Technology Transfer; Market Access
- **Management Expertise:** FDI can also bring in foreign management expertise and best practices. This can help the Indian MSMEs become more efficient and productive.
- **Brand Building:** FDI can also help the Indian MSMEs build their brand image and reputation by associating with well-known foreign brands.
- **Employment Generation:** FDI can also help the Indian MSMEs create new job opportunities.

STARTUPS Reaching The Last Mile

Impact Of Startups On The Indian Economy

- According to a report by the National Association of Software and Services Companies (NASSCOM), the Indian startup ecosystem is expected to create over 500,000 new jobs by 2025.
- The initiative has also attracted significant foreign investment, with the total funding raised by Indian startups increasing from \$3.9 billion in 2014 to \$14.5 billion in 2019.
- The initiative has also encouraged the growth of innovation and entrepreneurship in India.
 - According to the Global Innovation Index, India's rank in innovation has improved from 81st in 2015 to 48th in 2021.

Challenges and Limitations

- One of the main challenges is the **lack of access to funding for startups**, particularly for early-stage startups.
- Another challenge is the **lack of skilled manpower** in the startup ecosystem.
- Another limitation of the Startup India initiative is its focus on technology startups. Other sectors, such as healthcare, agriculture, and education still have untapped potential.
- The **regulatory framework for startups in India is complex** and often cumbersome, making it difficult for startups to comply with the regulations.
- There is also a **lack of clarity on the definition of a startup**, which creates confusion.

- There is a need to **strengthen the legal framework for intellectual property rights** to protect the innovations of startups.

Limitations of Startup India

- The impact of the Startup India initiative on the development of marginalised communities in India has been limited.
- The majority of startups in India are **concentrated in urban areas** and are **led by people from privileged backgrounds**.
- According to a report by Oxfam India, only 17% of startups in India are founded by women, and less than 1% are founded by people with disabilities.
- Similarly, startups in sectors such as healthcare and education are mostly focused on urban areas and serve the needs of the affluent population.
- Moreover, the **initiative has not adequately addressed the structural challenges faced by marginalised communities** in India, such as social discrimination, lack of access to education and training, and limited access to finance.

INCUBATORS - THE GROWTH ENABLERS

What is An Incubator?

Business incubators are organisations that assist entrepreneurs in developing their businesses, particularly in the early stages.

What is Atal Innovation Mission?

- AIM is a flagship initiative in India to promote a culture of innovation and entrepreneurship.
- It creates new policies and programmes to promote innovation in various sectors of the economy, as well as providing a platform and opportunities for collaboration to various stakeholders in the entrepreneurial space.

What is Atal Incubation Centre?

- AIM intends to assist in the establishment of new greenfield incubation centres known as **Atal Incubation Centres (AICs)**, which will nurture innovative startups in their pursuit of becoming scalable and sustainable business enterprises.
- AIM will assist these AICs in developing world-class incubation facilities across the country by providing state-of-the-art physical infrastructure, capital equipment, and operating facilities to their incubatee startups, as well as the availability of sectoral experts for mentoring.
- In addition, business planning assistance, access to seed capital, industry partnerships, training, and other relevant components for supporting innovative startups will be provided.

What is MAARG Portal?

- The Department for Promotion of Industry and Internal Trade (DPIIT) launched startup registration on the MAARG portal, Startup India's National Mentorship Platform, in November 2022.
- The **MAARG portal (Mentorship, Advisory, Assistance, Resilience, and Growth)** is a one-stop shop for startups of all sectors, functions, stages, geographies, and backgrounds.