

Startups in India – Challenges, Opportunities, Problems & Action Plans

MR. K. MADHAVA RAO

India is a country in South Asia. It is the seventh-largest country by area and the second-most populous country with over 1.2 billion people. Large population implies a large potential market in India; however, it also leads to heavy employment pressure in Indian society. In recent years self-employment consciousness among college students is increasing and the students are less likely to rely on parents or schools or wait for opportunities. Instead, they tend to take initiative to look for new chances for themselves. This research aims to investigate the challenges of financing startups in India. This paper is intent to explore the main difficulties faced by startups in India. It is extremely important to find out and resolve the factors that are preventing growth and sustainability of startups in the country.

The article presents details of startup action plan released by the Department of Industrial Policy and Promotion (DIPP) of Union Ministry of Commerce and Industry in January 2016. The programme is applicable for innovative enterprises in all sectors where innovativeness is identified and certified by a Government Agency, such as technology business incubator.

Keywords: *Consciousness, Investigate, Analysis, Venture Capital, Graduates Entrepreneurship.*

INTRODUCTION

Definition of Startup

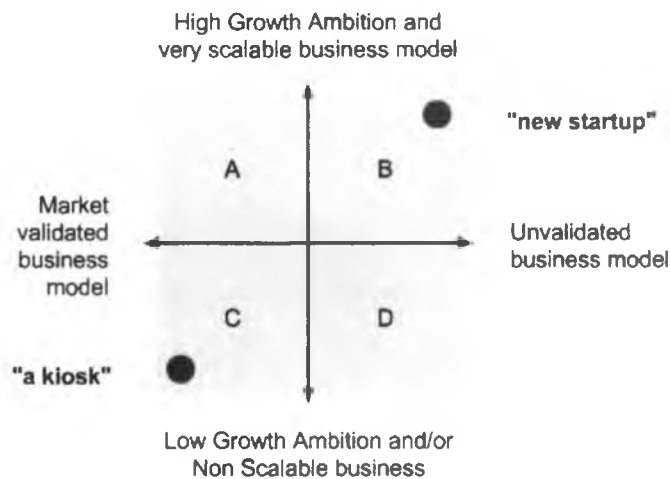
A startup company or startup or start-up is a young company that is just beginning to develop. Startups are usually small and initially financed and operated by a handful of founders or one individual. These companies offer a product or service that is not currently being offered elsewhere in the market, or that the founders believe is being offered in an inferior manner. In the early stages, startup companies' expenses tend to exceed their revenues

Mr. K. Madhava Rao, M.Com, MBA, M.Phil. DCAC, AP SET (COMM. & MGT.), (PhD).
Associate Professor, Dadi Institute of Engineering & Technology, Visakhapatnam.
Andhra Pradesh India. E-mail: madhavgnp@yahoo.co.in. Mobile: 9000597145/9052203154

as they work on developing, testing and marketing their idea. As such, they often require financing. Startups may be funded by traditional small business loans from banks or credit unions, by government-sponsored Small Business Administration loans from local banks, or by grants from nonprofit organizations and state governments.

Paul Graham says that “A startup is a company designed to grow fast. Being newly founded does not in itself make a company a startup. Nor is it necessary for a startup to work on technology, or take venture funding, or have some sort of “exit”. The only essential thing is growth. Everything else we associate with startups follows from growth.” Simplified method for identifying a potential startup company from just a new company.

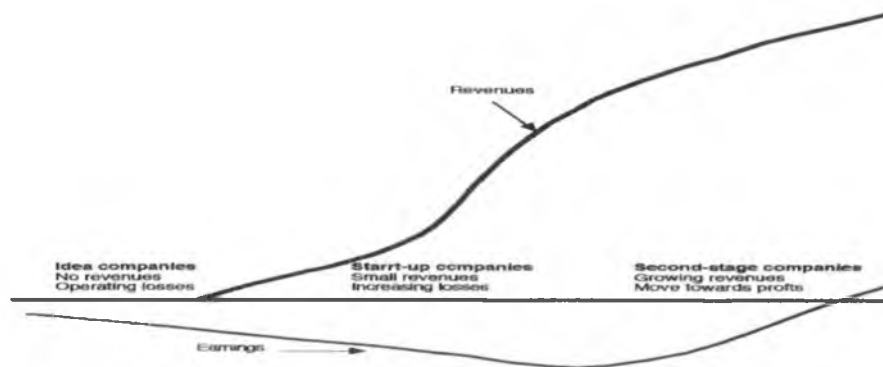
“New Startup”



Source: www.growadvisor.com

A Life Cycle View of Young Companies

If every business starts with an idea, young companies can range the spectrum. Some are unformed, at least in a commercial sense, where the owner of the business has an idea that he or she thinks can fill an unfilled need among consumers. Others have inched a little further up the scale and have converted the idea into a commercial product, albeit with little to show in terms of revenues or earnings. Still others have moved even further down the road to commercial success, and have a market for their product or service, with revenues and the potential, at least, for some profits.



Source: Aswath Damodaran, *Stern School of Business, New York University, 2009.*

Context of Economy in India

The Economy of India is the seventh-largest in the world by nominal GDP and the third-largest by purchasing power parity (PPP). The country classified as newly industrialized country, one of the G-20 major economies, a member of BRICS and a developing economy with approximately 7% average growth rate for the last two decades. India's economy became the world's fastest growing major economy from the last quarter of 2014, replacing the People's Republic of China.

INDIAN STARTUPS: CHALLENGES AND OPPORTUNITIES

Challenges

The action plan on startups released by the union Department of Industrial Policy and Promotion (DIPP) defines startups as follows - "An entity incorporated or registered in India not prior to five years from 2016, with annual turnover not exceeding Rs.125 crore in any preceding financial year. Working towards innovation development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property.

Startups are essentially of two kinds. One that starts something ground up, something that no one has thought about and is often ground breaking. This type of startup is difficult to create but once created often sees unprecedented growth. The second kinds of startups that we see around us are primarily the ones that do not want to reinvent the wheel. They are akin to adding old sauce in a new dish to create something new and innovative.

Whatever may be the kind of startup, Indian startups face its own set of challenges and some stellar opportunities. The challenges can be classified as:

Culture

Entrepreneurship and startups 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 startup is tough and every country sees more failures than successes. 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 startup failing has to be OK as failures often teach an entrepreneur, what to do and what not to do.

Mentoring

Doing a startup 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 startup, 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 startups in the country.

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 Startup Fund in 2016-17 Budget of Government of India.

Hiring

The economy has been in a flux, and along with the world economy the heady days of high growth are long gone. 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 startup, it is particularly difficult to attract and hire talent and skilled workers. A startup often cannot match the salaries drawn at larger companies nor is a job at a startup seen as a steady one. This means startups 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 startups. While, of late angel investors, venture capital and private equity have brought succor to some extent, a large number of startups 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 startup 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.

Learning from mistakes

While the economy can exert arduous influence, mistakes in a startup environment are inevitable. The idea is to learn from mistakes and take quick actions toward some serious aftershock. Create a robust team and work in cohesion with the stakeholders.

Cultural views and lack of infrastructure support

There is little tolerance for failure in our country. Our focus is still on getting reputable jobs in a reputable company. In complement to that, infrastructural support such as incubation and funding are not easy to find in India. Irregular power supply, telephone reception network, etc. can be a hindrance to the growth of any business. Corruption free environment, friendly regulations, good connectivity, healthy environment, efficient logistic support, can help a great deal in attracting investors in the country.

Patents

Similarly, the long process of registration of patents and lack of incentives for research and development is another bone of contention, which according to many is the reason why many start-ups prefer to be domiciled abroad.

Taxation

Industry has also called for clear definition of digital products and services from a taxation point of view. "This is essential. We cannot have

a long list of intangibles in our balance sheet. There has to be an acknowledgement that IT products are being created,” said Abhishek Sinha.

INDIAN STARTUPS: THE OPPORTUNITIES

Demographic dividend

According to the latest UN report India with 356 million 10-24 year-olds has 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. For startups youth make up the workforce that it so desperately needs and going forward youth can be a huge talent base for startups. 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 startups 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 startups in the country, it is not essential to go overseas. India, with over a billion people, presents a very large home market for any type of 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. Startups 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 the latest TRAI figures India’s Tele-Density reached 76.55 per cent 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. Higher mobile penetration has also led to increased financial inclusion and flow of credit to the unbanked. For example, startups 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. Startups and entrepreneurship is the best way forward in becoming a knowledge superpower.

WHAT ARE THE BIGGEST PROBLEMS FACED BY STARTUPS IN INDIA?

1. Sales & Marketing - In India, many of the non-tech skills are hard to come by, as many smart minds end up becoming engineers.
2. In the valley, the alumni of successful startups form the seed for the following startups. The Fairchild alumni, Google mafia and later PayPal mafia invested in 100s of startups while also lending a lot of support. In India, such mafia is completely absent.
3. Venture investing is still in very early stages. When guys of the caliber of Sequoia are investing eye hospitals and retail chains, you have to realize how weak the venture system here is.
4. Family pressures are high, as Amit mentioned earlier.
5. Peer pressure is far more visible in a connected/gossip-loving society like India's.
6. Startup incubators of the likes of YC & 500 startups are yet to come. A few such as Morpheus are doing good job, but long way to go.
7. Very few examples of successful exits - IPOs or acquisitions.
8. In the US, the majority of the startups are concentrated in the silicon valley. However, in India the startup ecosystem is thinly spread between BLR, NCR, Pune-Mumbai and Chennai.
9. Big companies in the US are little more helpful to the ecosystem (Microsoft, Google, Intel all have their own startup ventures that invest & share technologies).
10. There is very little trust here. Angels fear the founders will run away with their money anytime. Given the weak law enforcement & no SSN equivalent identification, it is easy for the angels to be sideswiped.
11. Weak university system. Silicon Valley has the likes of Berkeley and Stanford Universities to feed the startups with smart engineers & marketers, while also organizing a number of networking events. What does BLR have? IIMB & other institutes in BLR are very weak when it comes to entrepreneurship.

12. In US people are cool with failures. It is ok to fail as a startup founder. In India, the taboos remain in a risk-averse society.
13. Hiring can be terrible. The guys who have the startup caliber don't take the risk to join one.

STARTUP INDIA - STANDUP INDIA SCHEME – ACTION PLAN

The 19 items proposed in the Startup India action plan.

1. Compliance Regime based on Self – Certification

Objective is to reduce the regulatory burden on Startups thereby allowing them to focus on their core business and keep compliance cost low. Regulatory formalities requiring compliance with various labour and environment laws are time consuming and difficult in nature. Often, new and small firms are unaware of nuances of the issues and can be subjected to intrusive action by regulatory agencies. In order to make compliance for Startups friendly and flexible, simplifications are required in the regulatory regime.

Accordingly, the process of conducting inspections shall be made more meaningful and simple. Startups shall be allowed to self-certify compliance (through the Startup mobile app) with 9 labour and environment laws. In case of the labour laws, no inspections will be conducted for a period of 3 years. Startups may be inspected on receipt of credible and verifiable complaint of violation, filed in writing and approved by at least one level senior to the inspecting officer.

2. Startup 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. The Government of India has taken various measures to improve the ease of doing business and is also building an exciting and enabling environment for these Startups, with the launch of the “Startup India” movement. The “Startup India Hub” will be a key stakeholder in this vibrant ecosystem and will:

Work in a hub and spoke model and collaborate with Central & State governments, Indian and foreign VCs, angel networks, banks, incubators, legal partners, consultants, universities and R&D institutions.

3. Rollout of Mobile App and Portal

An online portal, in the shape of a mobile application, will be launched on April 1, 2016 to serve as the single platform for Startups for interacting

with Government and Regulatory Institutions for all business needs and information exchange among various stakeholders.

Startups often suffer from the uncertainty regarding the exact regulatory requirements to set up their operations. In order to ensure that such information is readily available, it is intended that a checklist of required licenses covering labour licensing, environmental clearances etc. be made available.

Towards these efforts, the Government will introduce a Mobile App to provide on-the-go accessibility for:

- Registering Startups with Ministry of Corporate Affairs and Registrar of Firms.
- Tracking the status of the registration application. A digital version of the final registration certificate shall be made available for downloading through the Mobile App.
- Filing for compliances and obtaining information on various clearances/ approvals/ registrations required Collaborating with various Startup ecosystem partners.
- Applying for various schemes being undertaken under the Startup India Action Plan

4. Legal Support and Fast-tracking Patent Examination at Lower Costs

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

The scheme for Startup Intellectual Property Protection (SIPP) shall facilitate filing of Patents, Trademarks and Designs by innovative Startups. Various measures being taken in this regard include:

- Fast-tracking of Startup patent application
- Panel of facilitators to assist in filing of IP applications.
- The Central Government shall bear the entire fees of the facilitators for any number of patents, trademarks or designs that a Startup may file, and the Startups shall bear the cost of only the statutory fees payable.
- Rebate on filing of application. Startups shall be provided an 80% rebate in filing of patents vis-a-vis other companies.

The scheme is being launched initially on a pilot basis for one year; based on the experience gained, further steps shall be taken.

5. Relaxed Norms of Public Procurement for Startups

Typically, whenever a tender is floated by a Government entity or by a PSU, very often the eligibility condition specifies either “prior experience” or “prior turnover”. Such a stipulation prohibits/ impedes Startups from participating in such tenders.

At present, effective April 1, 2015 Central Government, State Government and PSUs have to mandatorily procure at least 20% from the Micro Small and Medium Enterprise (MSME). In order to promote Startups, Government shall exempt Startups (in the manufacturing sector) from the criteria of “prior experience/ turnover” without any relaxation in quality standards or technical parameters.

6. Faster Exit for Startups

In the event of a business failure, it is critical to reallocate capital and resources to more productive avenues and accordingly a swift and simple process has been proposed for Startups to wind-up operations. This will promote entrepreneurs to experiment with new and innovative ideas, without having the fear of facing a complex and long-drawn exit process where their capital remains interminably stuck.

The Insolvency and Bankruptcy Bill 2015 (“IBB”), tabled in the Lok Sabha in December 2015 has provisions for the fast track and / or voluntary closure of businesses. In terms of the IBB, Startups with simple debt structures or those meeting such criteria as may be specified may be wound up within a period of 90 days from making of an application for winding up on a fast track basis.

7. Providing Funding Support through a ‘Fund of Funds’ with a Corpus of INR 10,000 crore

Government will set up a fund with an initial corpus of INR 2,500 crore and a total corpus of INR 10,000 crore over a period of 4 years (i.e. INR 2,500 crore per year).

The Fund will be in the nature of Fund of Funds, which means that it will not invest directly into Startups, but shall participate in the capital of SEBI registered Venture Funds. Key features of the Fund of Funds are highlighted below:

The Fund of Funds shall be managed by a Board with private professionals drawn from industry bodies, academia, and successful Startups:

- Life Insurance Corporation (LIC) shall be a co-investor in the Fund of Funds.

- The Fund of Funds shall contribute to a maximum of 50% of the stated daughter fund size. In order to be able to receive the contribution, the daughter fund should have already raised the balance 50% or more of the stated fund size as the case maybe.
- The Fund shall ensure support to a broad mix of sectors such as manufacturing, agriculture, health, education, etc.

8. Credit Guarantee Fund for Startups

In order to overcome traditional Indian stigma associated with failure of Startup enterprises in general and to encourage experimentation among Startup entrepreneurs through disruptive business models, credit guarantee comfort would help flow of Venture Debt from the formal Banking System. Debt funding to Startups is also perceived as high risk area and to encourage Banks and other Lenders to provide Venture Debts to Startups. Credit guarantee mechanism through National Credit Guarantee Trust Company (NCGTC)/SIDBI is being envisaged with a budgetary Corpus of INR 500 crore per year for the next four years.

9. Tax Exemption on Capital Gains

Government wants to promote investments into Startups by mobilizing the capital gains arising from sale of capital assets. With this objective, exemption shall be given to persons who have capital gains during the year, if they have invested such capital gains in the Fund of Funds recognized by the Government. This will augment the funds available to various VCs/AIFs for investment in Startups. In addition, existing capital gain tax exemption for investment in newly formed manufacturing MSMEs by individuals shall be extended to all Startups. Currently, such an entity needs to purchase “new assets” with the capital gain received to avail such an exemption.

10. Tax Exemption to Startups for 3 years

With a view to stimulate the development of Startups in India and provide them a competitive platform, it is imperative that the profits of Startup initiatives are exempted from income-tax for a period of 3 years out of the first seven years of operation. This fiscal exemption shall facilitate growth of business and meet the working capital requirements during the initial years of operations. The exemption shall be available subject to non-distribution of dividend by the Startup.

11. Tax Exemption on Investments above Fair Market Value

Under The Income Tax Act, 1961, where a Startup (company) receives any consideration for issue of shares which exceeds the Fair Market Value (FMV) of such shares, such excess consideration is taxable in the hands of recipient as Income from Other Sources.

In the context of Startups, where the idea is at a conceptualization or development stage, it is often difficult to determine the FMV of such shares. In majority of the cases, FMV is also significantly lower than the value at which the capital investment is made. This results into the tax being levied under section 56(2) (viib) of the income tax act.

Currently, investment by venture capital funds in Startups is exempted from operations of this provision. The same shall be extended to investment made by incubators in the Startups.

12. Organizing Startup Fests for Showcasing Innovation and Providing a Collaboration Platform

To bolster the Startup ecosystem in India, the Government is proposing to introduce Startup fests at national and international stages. These fests would provide a platform to Startups in India to showcase their ideas and work with a larger audience comprising of potential investors, mentors and fellow Startups.

- As part of “Make in India” initiative, Government proposes to:
 - Hold one fest at the national level annually to enable all the stakeholders of Startup ecosystem to come together on one platform.
- Hold one fest at the international level annually in an international city known for its Startup ecosystem.

13. Launch of Atal Innovation Mission (AIM) with Self-Employment and Talent Utilization (SETU) Program

The Atal Innovation Mission (AIM) shall have two core functions:

- Entrepreneurship promotion through Self-Employment and Talent Utilization (SETU), wherein innovators would be supported and mentored to become successful entrepreneurs
- Innovation promotion – to provide a platform where innovative ideas are generated

The main components proposed to be undertaken as part of the mission include:

Entrepreneurship promotion:

- Establishment of sector specific Incubators including in PPP mode
- Establishment of 500 Tinkering Labs
- Pre-incubation training to potential entrepreneurs in various technology areas in collaboration with various academic institutions having expertise in the field
- Strengthening of incubation facilities in existing incubators and mentoring of Startups
- Seed funding to potentially successful and high growth Startups Innovation promotion:
- Institution of Innovation Awards (3 per state/UT) and 3 National level awards
- Providing support to State Innovation Councils for awareness creation and organizing state level workshops/conferences
- Launch of Grand Innovation Challenge Awards for finding ultra-low cost solutions to India's pressing and intractable problems

14. Harnessing Private Sector Expertise for Incubator Setup

To ensure professional management of Government sponsored / funded incubators, Government will create a policy and framework for setting-up of incubators across the country in public private partnership. Government shall encourage setting up of;

35 new incubators in existing institutions. Funding support of 40% (subject to a maximum of INR 10 crore) shall be provided by Central Government for establishment of new incubators for which 40% funding by the respective State Government and 20% funding by the private sector has been committed. The incubator shall be managed and operated by the private sector.

35 new private sector incubators. A grant of 50% (subject to a maximum of INR 10 crore) shall be provided by Central Government for incubators established by private sector in existing institutions. The incubator shall be managed and operated by the private sector.

15. Building Innovation Centers at National Institutes

In order to augment the incubation and R&D efforts in the country, the Government will set up/ scale up 31 centers (to provide facilities for over 1,200 new Startups) of innovation and entrepreneurship at national institutes, including:

Setting-up 13 Startup centers: Annual funding support of INR 50 lakhs (shared 50:50 by DST and MHRD) shall be provided for three years for encouraging student driven Startups from the host institute.

Setting-up/ Scaling-up 18 Technology Business Incubators (TBIs) at NITs/IITs/IIMs etc. as per funding model of DST with MHRD providing smooth approvals for TBI to have separate society and built up space

| Startup Centres | | Technology Business Incubators | | |
|---------------------|-----------------------|--------------------------------|---------------|---------------------|
| RGIIM Shillong | NIT Goa | MANIT Bhopal | IISER Bhopal | NIT Warangal |
| NIT Delhi | NIT Agartala | NIT Rourkela | IIM Rahtak | MNIT Jaipur |
| MNIT Allahabad | NIT Sikkim | NIT Jalandhar | IIT Mandi | NIT Tiruchirappalli |
| VNIT Nagpur | IIT Bhubaneswar | IIM Udaipur | IISER Mohali | IIT Patna |
| IITDM Kancheepuram | NIT Patna | NIT Calicut | IIT Roorkee | |
| PDPM-IITDM Jabalpur | NIT Arunachal Pradesh | IIT Ropar | IIM Kozhikode | |
| ABVIITM Gwalior | | IISER Thiruvananthapuram | IIM Raipur | |

16. Setting up of 7 New Research Parks

The Government shall set up 7 new Research Parks in institutes indicated below with an initial investment of INR 100 crore each. The Research Parks shall be modeled based on the Research Park setup at IIT Madras and will be developed at IIT Guwahati, IIT Hyderabad, IIT Kanpur, IIT Kharagpur, IISc Bangalore, IIT Gandhinagar and IIT Delhi.

17. Promoting Startups in the Biotechnology Sector

In order to promote Startups in the sector, The Department of Biotechnology shall be implementing the following measures along with its Public Sector Undertaking Biotechnology Research Assistance Council (BIRAC) Bio-incubators, Seed Fund and Equity Funding:

- 5 new Bio-clusters, 50 new Bio-Incubators, 150 technology transfer offices and 20 Bio-Connect offices will be set up in research institutes and universities across India.
- Biotech Equity Fund – BIRAC ACE Fund in partnership with National and Global Equity Funds (Bharat Fund, India Aspiration Fund amongst others) will provide financial assistance to young Biotech Startups. Encouraging and leveraging global partnerships.
- Bangalore-Boston Biotech Gateway to India has been formed. Through this initiative, a range of institutes in Boston (Harvard/ MIT) and Bangalore will be able to connect to share ideas and mentor the entrepreneurs especially in the areas of Genomics, Computational Biology, Drug Discovery and new vaccines.

- Amplification of Bio-entrepreneurship through BIRAC Regional Entrepreneurship Centres (BREC). Department of Biotechnology shall set up 5 Regional centres or Mini-BIRACs in the next 5 years.

18. Launching of Innovation Focused Programs for Students

In order to promote research and innovation among young students, the Government shall implement the following measures:

- Innovation Core. Innovation Core program shall be initiated to target school kids with an outreach to 10 lakh innovations from 5 lakh schools. One lakh innovations would be targeted and the top 10,000 innovations would be provided prototyping support. Of these 10,000 innovations, the best 100 would be shortlisted and showcased at the Annual Festival of Innovations in the Rashtrapati Bhavan.
- NIDHI: A Grand Challenge program (“National Initiative for Developing and Harnessing Innovations) shall be instituted through Innovation and Entrepreneurship Development Centres (IEDCs) to support and award INR 10 lakhs to 20 student innovations from IEDCs.
- Uchhattar Avishkar Yojana: A joint MHRD-DST scheme which has earmarked INR 250 crore per annum towards fostering “very high quality” research amongst IIT students. The funding towards this research will be 50% contribution from MHRD, 25% from DST and 25% from industry.

19. Annual Incubator Grand Challenge

The Government is proposing to make forward looking investments towards building world class incubators. In its first phase, the aim is to establish 10 such incubators. To enable this, GOI shall identify and select 10 incubators who have the potential to become world class. These incubators would be given INR 10 crore each as financial assistance which may be used for ramping up the quality of service offerings.

The incubators shall also become reference models for other incubators aspiring to offer best-in-class services. Video interviews of these incubators would be showcased on the Startup India portal. An “Incubator Grand Challenge” exercise shall be carried out for identification of these incubators.

REFERENCES

1. Graham, Paul (September 2012). Startup Equals Growth, in Graham’s Essays on entrepreneurship
2. Aswath Damodaran, Valuing Young, Start-up and Growth Companies: Estimation Issues and Valuation Challenges, SSRN Electronic Journal 06/2009; DOI: 10.2139/ssrn.141868.

3. Au, K., & Kwan, H. K. (2009). Start-up capital and Chinese entrepreneurs: The role of family. *Entrepreneurship Theory and Practice*, 33(4), 889-908.
4. The Hindu Business Line, <http://www.thehindubusinessline.com/info-tech/india-lacks-enough-angel-investors-to-fund-startups-nasscom/article7817740.ece>, Printable version, Nov 20, 2015 9:50:48 PM.
5. http://articles.economictimes.indiatimes.com/2014-11-25/news/56455404_1_failures-189-economies-business-success/2
6. <http://www.thehindubusinessline.com/economy/macro-economy/startup-india-challenges-galore-on-funding-patent-and-ipr-fronts/article8124328.ece>.