



Fostering Entrepreneurship in India

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Submitted by:

Prateek Singhvi

B.E. Mechanical + M.Sc. Physics

Birla Institute of Technology and
Science - Pilani

Mentored by:

Shri Anirudh Prabhakaran

Co-founder: Learning Ray
Education

PREFACE

Rakshak Foundation was founded in 2006 by a group of concerned citizens from India's elite educational institutions. The Foundation seeks to create an informed society, aware of its rights and duties, and attempts to address barriers to an equitable and just society. Rakshak Foundation has been submitting well researched opinions on various bills being considered for presentation to the Indian Parliament. Rakshak Foundation has been invited by the Parliamentary Committees of the Rajya Sabha three times in the past two years to depose before them and present their views on proposed Bills which would affect the whole nation once they are enacted by the Parliament.

The Intern is an engineering student from Birla Institute of Technology and Science-Pilani, and has keen interest towards topic this project deals with. While working on the project, the intern got many opportunities to interact with various entrepreneurs which gave him an exposure towards the problems faced by them. The Intern has keen interest in taking up such topic and has interest in researching these topics and going into the intricacies of these National level Issues.

The Intern has tried to make an effort to bring forth the issues concerning entrepreneurs and start-ups and come up with some strong recommendations which would get India on better rank for ease of doing business.

Acknowledgements

Well, Acknowledgement is not always enough when it comes to thanking those who helped me in this project. In this project of Fostering Entrepreneurship in India, first of all I am grateful to Rakshak Foundation who gave me this project to carry on my favourite topic. My Mentor Shri Anirudh Prabhakaran, seriously when Mr. Prabhakaran is there "*It Makes a Difference*". Without his immense knowledge about the issue and the experience from ground realities, this work wouldn't have been possible. Shri Anirudh Prabhakaran is just like the guiding star that I am following thank you sir.

I am not sure how to put in words the moral support I get from my family. The constant support from them makes me more and more confident throughout. I also wish to extend my sincere regards to Rakshak coordinators (Ms Nikita Anand, Ms Ishika Gupta, Mr. Pritesh Mittal and Mr. Siddhartha Das) who helped me throughout the project and helped in every problem I faced. Special thanks to Derek Sivers too, who is an entrepreneur, founder and producer of woodegg, who helped me in accessing the content of "India Startup Guide 2013", which proved to be very useful in the study. My Co-interns Aditya Saurabh, Prashant Singh, Preojeet Chatterjee and Aman Gupta were both resourceful and a wonderful moral support. Thank you is just not the word for you. My Parents has always showered their blessings for which I am here today.

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Table 3.1 Amount sanctioned by MCA to NGOs

List of Abbreviations

NPO	Non-Profit Organization
CIIE	Centre for Innovation, Incubation and Entrepreneurship
INFUSE	Indian Fund for Sustainability
NEN	National Entrepreneurship Network
EDI	Entrepreneurship Development Institute
VAT	Value Added Tax
DND	Do Not Disturb
VAS	Value Added Service
IT	Information Technology
MCA	Ministry of Corporate Affairs
TePP	Technopreneur Promotion Programme
DSIR	Department of Scientific and Industrial Research
DST	Department of Science and Technology
NDMC	New Delhi Municipal Corporation
NGO	Non-Governmental Organization
IAN	Indian Angel Network
ISBA	Indian STEP and Business Incubator Association

Executive Summary

Start-ups have played an important role in the development, industrialization and growth of various economies the world. All over the world, companies based on technology start-up are registering in a very large number than non-technological companies which is because of growing knowledge in the economy. Since the rate of innovation and generation in knowledge has now become fast, the rate of change of technology has equally become fast thus the rate of dropping of start-up companies too have gone up. Therefore it is important to frame appropriate strategies for the growth and long term survival of entrepreneurship and thus the economy.

There are actually no serious studies in India related to Technology based big and small start-ups companies. This study is a pilot study for status of companies based on Start-up and identifies constraints and difficulties faced by Start-up companies and to suggest measures for remedy.

Therefore this report aims to analyse the key parameters of success and obstacles faced by an entrepreneur. The increasing visible impact and significance of Entrepreneurship in employment-generation and creation of wealth, it is critical to development and growth of India. Undertaken study would explore key parameters to advance and promote Entrepreneurship in India. Also to recognize factors that could facilitate and encourage greater growth of entrepreneurs. The methodology adopted while preparing this report is basically based on face-to-face interviews and interaction with one many entrepreneurs from different backgrounds, as well as gathering information from different reports which were available online(such as incubation centers, educational institutions, entrepreneurial associations etc.) and from the Ministry of Corporate Affairs website. This study recommends measures and steps to make this sector vibrant and virile in order to play a crucial role in technological and economic developments in the country.

Major recommendations of the report are as follow:

- Accountability and transparency for the amount sanctioned by government (Ministry of Corporate Affairs) to NGOs to promote entrepreneurial activities. To have an improvement in this transaction.
- Long term lower interest rate loan facility needs to be provided to start-ups.
- Single window system for the long legal procedure for starting a company.
- Healthy relationship between start-ups and R&D institutions.
- Simple and easy procedure for allocating funds to companies getting shortlist in incubation cells.
- Expansion planning of accelerator programs and incubation cells which could cater to more number of entrepreneurs and thus results in fostering entrepreneurship in India.

Key Finding

- The expenditure made by the Ministry of Corporate Affairs on NGOs which promote entrepreneurial activities over duration of 8 years is Rs. 6,03,95,765 which is a huge sum and the system needs to be more accountable for this much spending.
- One of the biggest constraints faced by entrepreneurs is the governmental legal procedure to be followed to take licenses and permission to open a start-up and on later stages while getting capital for start-ups from incubation cells.
- Self-employment for income is the main aim for most of the entrepreneurs.
- The key parameters of success and failures for entrepreneurs in their start-ups.
- India's standing at 132nd position among 185 economies in ease of doing business.
- Various incubation centre and accelerator programs across India to promote entrepreneurial activities.

- Different government and non-government run organizations which help, encourage and promote entrepreneurial activities.
- Ways to improve the existing situation of entrepreneurs by incorporating schemes like, Parishkaram.

1. Introduction

1.1 Background Information

India went through the phase of economic liberalisation after 1991. It helped our struggling economy to improve. It laid the foundation to improve our economic condition. Entrepreneurs also started emerging, small and big, which created lakhs of job opportunity and wealth. There are a lot of initiatives taken by government and a list of all kinds of grants given by the government in appendix D.

In spite of taking these efforts, India ranks very low in ease of doing business. That is because of various reasons. First of all, there are not a lot of people coming up with start-ups. The mind-set of people is also not risk taking and it is very well known that start-ups are full of risks. Then there is pressure, the family pressure which averts the potential people to go ahead with their start-up. Then there is a requirement of some guidance, technical, physical as well as moral support. There has to be strong conviction, clarification and courage to launch the start-up. Therefore there is a need of overall development of the entrepreneurial ecosystem in our country. The following figure shows the three very important parameters(not all) required for a start-up to grow.

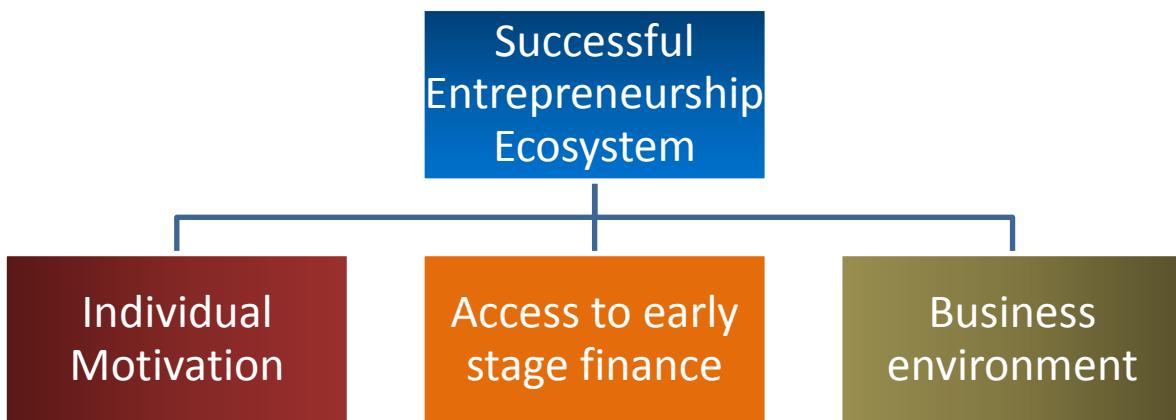


Figure 1. Parameters required for a start-up to grow.

Entrepreneurs play a big role about the way, a country runs. That is because start-ups affect a lot of area not only at small scale but also at large scale. It brings the employment opportunities, plays significant role in the GDP of the country, brings innovation in the product or service, therefore makes life more simple and easier, brings down the poverty, brings social and economic benefits, brings wealth into nation etc.

The following figure shows some of the many parameters of which gets impacted by start-ups.



Figure 2. Positive impact of start-ups

There have been various networking opportunities, incubation centres and mentorship programs, which all together promote and help start-ups, grow. Some of the prominent organization, Entrepreneurship Development in India – Encouraging Trends¹ is as follow:

¹ <http://www.f1gmat.com/entrepreneurship-development-india#>

The Indus Entrepreneurs (TiE):

The Indus Entrepreneurs is the largest NPO for entrepreneurs in the world. A group of Silicon Valley entrepreneurs, professionals and leaders who hail from the Indus area started it in 1992. It is spread out in 17 countries through its 61 chapters, 17 of which are in India. Entrepreneurs can link up with TiE and tap into a pool of more than 2,500 knowledgeable entrepreneurs and business executives. At present, it has more than 11,000 aspiring entrepreneurs as its members. It is estimated that The Indus Entrepreneurs have improved an economic wealth \$200+ billion and it has been very influential in the economic liberalization of India and Pakistan. Any member of TiE would have the benefits to access to entrepreneurship conferences, TiE events, very active mentor network of successful entrepreneurs and focused mentoring opportunities.

CIIE India

In 2001 IIM-Ahmedabad started its Centre for Innovation, Incubation and Entrepreneurship (CIIE), aided by the government of India and the government of Gujarat. It aims to foster innovation based entrepreneurship in India through training, incubation and investment. It is composed of alumni, students and the faculty, industry experts and mentors. CIIE is committed in helping aspiring entrepreneurs succeed commercially by offering them with facilities including which includes The Power of Ideas – A partnership between the Indian government and Times of India; Mentor Edge – the nationwide mentorship program to find the best ideas and start-ups successes; iAccelerator – IT startup program; and INFUSE – Indian Fund for Sustainability. The incubation centre helped more than 30 start-ups in getting success; some of them are Awaaz.De, Biosense and Aspiration Energy.

NEN India

The non-profit National Entrepreneurship Network began in 2003, co- founded by IIM Ahmedabad, Institute of Bioinformatics and Applied Biotechnology, Bangalore, IIT

Bombay, SP Jain Institute of Management & Research, Mumbai and BITS, Pilani, in collaboration with the Wadhwani Foundation², a philanthropic initiative by Dr. Romesh Wadhwani, Chairman of Symphony Technology Group, with a mission to create and support high-growth entrepreneurs, driving economic growth and job creation in India. It represents the most dynamic community of India with over 70,000 members in 30 cities, and partners more than 470 top-level institutes in India. The founding goal of NEN was to incubate entrepreneurs for job creation to fuel India's economic growth.

NEN fundamental approach mostly depends on its partnership approach, making it effective and scalable. It partners with different academic institutes and thus helps entrepreneurs by education; mentor and expert support; access to funds; and materials on educational. There also has collaboration with different universities and academic institutions which are already motivated to provide entrepreneurship programmes to students by following a partnership model that nurtures entrepreneurship in campus. The largest entrepreneurship-awareness campaign - Entrepreneurship Week India is also conducted by NEN. Since NEN started in 2003,326 start-ups have been supported and launched, and 3000 future entrepreneurs have been created.

Incubation Centers at IIMS

The NS Raghavan Center, first incubation centre by IIM-B for Entrepreneurship and Learning (NSRCEL) was started in 2002. Other incubation centers by IIM are Abhiyan at IIM Lucknow, E-Cell at IIM Kozhikode and Center for Innovation & Entrepreneurship at IIM Kolkata.

Anyone is allowed to present a Business plan in these centres. The business is incubated at the concerned IIM if it gets approved. The plus point for entrepreneurs is that they get access to the high profile vast alumni network, corporates and faculty.

Entrepreneurship Development Institute of India

² http://nenonline.org/aboutnen/about_nen

The Entrepreneurship Development Institute of India is an autonomous body and non for profit organization which runs the oldest Entrepreneurship Development Program in the country. This institute was started in 1983 by four prominent financial institutions, IDBI Bank, ICICI Bank, IFCI and State Bank of India (SBI), on land provided by the Gujarat government. It is registered under the Societies Registration Act 1860 and the Public Trust Act 1950. EDI has further built 12 other entrepreneurial development centres in the state. This institute has promoted entrepreneurship in a large variety of educational institutions and Business schools across India, by developing courses related to entrepreneurship. UGCs curriculum has also been developed by EDI on entrepreneurship.

EDI aims to fasten emergence of competent first generation entrepreneurs and to achieve growth oriented enterprises through entrepreneurship education, research, institution building and training. It believes that entrepreneurs need not necessarily be born, but can be developed through well directed activities.

It runs 2 year courses for entrepreneur, the only 2 of its kind in our country: Post Graduate Diploma in Management-Business Entrepreneurship (PGDM - BE) and Post Graduate Diploma in Management-Development Studies (PGDM – DS.). It utilizes business simulation and entrepreneur interaction to foster entrepreneurs. Feasible ideas are supported under Idea Storm – where you submit ideas to the institute, which are evaluated.

SKOLKOVO's 1-year MBA program can come out handy for budding entrepreneurs who are looking for a full time, hand on education on how to start a business and grow it profitably. A cross-cultural entrepreneurial experience, first of its kind is provided with five projects in four countries including India and gives access to the angel investors, industry mentors and venture capitalists around the globe.

1.2 Main Problems, their scope and impact on the society

Despite being various initiatives taken to foster entrepreneurship, India still lags behind among the world economies. As per the rank given by a new IFC and World Bank report³, India stands at 132nd position among 185 economies in ease of doing business. However according to the latest report by IFC and World Bank, India has improved a lot in the field of providing regulatory environment for local entrepreneurs since 2005 but still there is a lot more to do to improve the current situation. India is also behind its neighbour countries like Maldives, Bangladesh and Sri Lanka.

The report says that India is the 1st economy in the region to make construction permits easier for the local firms since 2005. Over the past few years India has established strict time limits on preconstruction approvals, reducing the time needed to process permit applications.

However we still have a long way in further improving and reforming our country's rankings. India needs to bring more regulatory simplification mainly reducing the procedures for expedite the process and obtaining clearances. The role of incubation cells and accelerator programs is very pivotal in fostering entrepreneurship in India. There is also a requirement of institutional reforms which will resolve commercial disputes.

To solve the problems which an entrepreneur faces while working for his/her start-up, we need to first analyse the problems faced by them. From entrepreneur's point of view, the obstacles they face can be any of the following or something related.

- Government policy
- Little or no marketing
- Poorly priced products/services
- Not a unique business idea
- Technology
- Absence of skilled labour

³ http://articles.economictimes.indiatimes.com/2012-10-23/news/34680205_1_hong-kong-sar-regulatory-reforms-india

- Thrust from established competition
- No historical data

The above one is not an exhaustive list. There are various obstacles⁴ in setting up and operating a new venture in India. Out of many of those factors, some of the problems and roadblocks which an entrepreneur and a tech entrepreneur face are:

1. Regulatory Roadblocks and government policies. Regulatory roadblocks are the biggest obstacles for scores of entrepreneurs in India, catering to the increasing demand for creative services from consumers.
2. The banking issues. Registering a Company in India takes almost a month, compared to just three days in Singapore or just one week in the US. Opening a Current Account demands 6 to 7 set of documents, generally certified by a Chartered Accountant. Banks decline to proceed, if the new venture doesn't possess a VAT registration or service tax.
3. Shutting shop is not an easy option. An entrepreneur is required to present a petition to the court, meet all creditors, appoint liquidators, distribute company's assets and wait for the court hearings, which might take years.
4. Bribery issue: In a global index, Transparency International's Corruption Perception Index⁵ ranks countries with the least amount of corruption, India ranks 94th.
5. Regulations on mobile value added services:
The ban imposed on sending bulk SMSes and over regulation of DND registry has effected telemarketing agencies, bulk SMS providers, daily deal start-ups

⁴ <http://economictimes.indiatimes.com/slideshows/biz-entrepreneurship/obstacles-in-starting-up-and-operating-new-ventures-in-india/why-india-is-not-the-best-place-for-startups/slideshow/20359891.cms>

⁵ <http://www.indianexpress.com/news/india-ranked-94th-in-corruption-perception-index-ratings-says-transparency-international/1040857/>

and mobile VAS provider.

6. India stands way behind in technology. There exists policy hurdle for websites carrying user generated content and that may be pulled up in the court. This has affected websites of social media.
7. Digital payments policy hurdle and mobile remittances has affected mobile money start-ups.

It is important to know the strength and weakness from entrepreneur's point of view. The analysis of the strengths and weakness of the Indian market for an entrepreneur is done and it summarised as follow.

Strengths of Indian market include:

- Large domestic economy
- Skilled workforce
- Keen interest from foreign investors
- Access to financing
- Policy stability & predictability
- Strong fiscal policy

Weaknesses of India market include:

- Poor business legislation
- Poor basic infrastructure
- Inadequate health & environment safety
- Bribery & corruption
- Exchange rate volatility
- Low broadband rate

Understanding of strengths and weakness of the promoting and developing more and more start-ups is very important of the project study. All the findings are made either through literature search or by interviewing various entrepreneurs. Entrepreneurship role is not just limited to the creation of successful enterprises but it also includes job,

income and wealth creation. This directly affects economic development of a society and country.

1.3 Goals and Objectives

This project aims to study various government policies and actions on startups and to propose key suggestions to make an entrepreneurship friendly environment in India. The objective of the present study can be concise as to study the key parameters of performance and hurdles that come across the technology based start-up companies, and come up with measures to support and encourage start-up businesses.

This report contains the synopsis of the study about the key factors associated with entrepreneurs and start-ups. It also covers the result of literate survey conducted among the entrepreneurs of different kinds to find out the requirements, which a new venture may require. Government policies and programs which support or hinder a start-up are also studied. Feedback of various concerned government officials is done to understand the hurdles faced by various plans and policies undertaken to support a start-up. Comparison with different countries' policies for promotion of entrepreneurial activities is also done so as to implement the programs we can start or changes we can bring in our existing policies to encourage entrepreneurial activities. Close observation of the working of incubation cells and accelerator programs is also done which play key role in promoting stat-ups.

There is a need of systematic approach to promote entrepreneurship and thus improving the entrepreneurial environment in our country. For that, there is a requirement to address the needs of entrepreneurs, to support the early phase of entrepreneurship, to set the entrepreneurial culture and thus to inculcate the entrepreneurial values in our society and thus making India innovation and entrepreneurs hub in the world. The following figure depicts it.

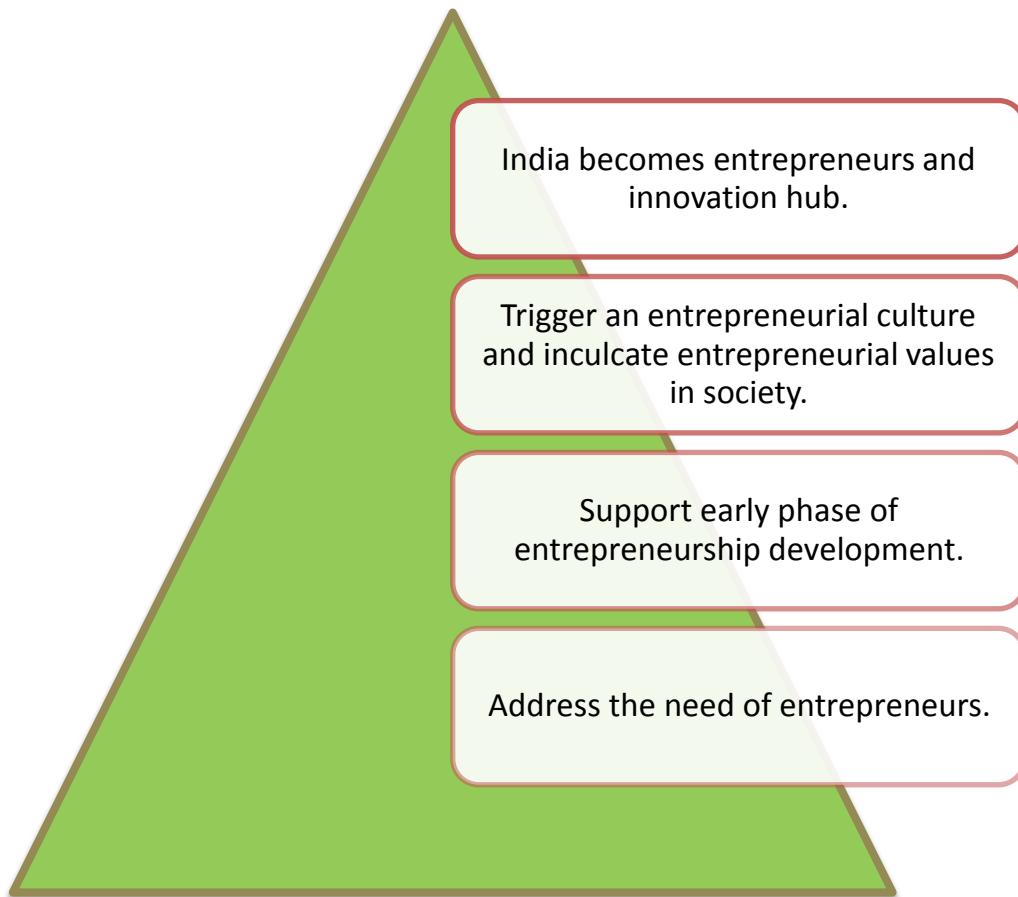


Figure 3. Goal

2. Methodology

2.1 Literature Search

This topic, of Fostering Entrepreneurship in India, lays the foundation to improve our economic condition. Literature survey on it proved to be very pivotal in understanding the scenario of entrepreneurial environment in our country. Entrepreneurs also started emerging, small and big, which created lakhs of job opportunity and wealth. The issues are prevalent and are important. Other than field visits and interviewing the entrepreneurs it is very important that the Intern also does a thorough Literature Review. The Reports that the Intern read are as follows:

2.1.1 Technology based start-ups: The objective of the report is divided into the following areas⁶:-

- Determination of the obstacles faced by a start-up company and to suggest mechanisms and measures for encouraging start-ups and improving their survival rate.
- To study the status of a technology intensive start-up company in select areas.

Major finding of the report states that 96.34% of the entrepreneurs of traditional technology companies are graduates. Whereas, 63.64% entrepreneurs in technology based industries are engineering graduates, 12.12% diploma holders and 9.09% other professional qualification. Self-employment for income is the main aim for most of the entrepreneurs. The obstacles faced by Start-ups in decreasing order of intensity in India include: Government Policies 21.90% (97/443), access to finance 20.31%

⁶ "A Pilot Study on Technology based start-ups", Centre for International Trade in Technology, 1(2007)

(90/443), Marketing 16.70% (74/443), Skilled labour 14.45% (64/443), access to modern technology 13.99% (62/443), High cost of raw materials 6.32% (28/443), Infrastructure 2.03% (9/443) and others (support system, Management issues, Inexperience, Quality management, competition, Business strategy). Therefore the greatest constrain faced by enterprises is government policies.

2.1.2 Entrepreneurship in India: Key findings of the report are as follow⁷:

- Working of various factors in tandem makes a successful entrepreneurship ecosystem. These factors are socio-cultural factor, individual motivations, business environment and access to finance.
- Education is a key factor to promote entrepreneurial activities, it is believed by 95% of entrepreneurs interviewed.
- Half of the entrepreneurs experienced the difficulty while getting statutory licenses and clearances.
- Self-financed entrepreneurs population according to the report is 63%, while other sources included angel investors, banks, venture capital etc. Majority of people, who approached banks for finance, got it. Perception regarding bank finance still has to be improved among entrepreneurs who think that it's tough to get money from bank in the earlier start-up stage.

2.1.3 Government departments a business needs to interact with: A small business has to interact with many government departments. First, the person needs to have a business license from the local government or Municipality. Then, depending upon the structure he chooses, he has to register with the government department covering that sector (not required for proprietorship business). Then, he needs to register with Income Tax Department and Sales Tax Department.

Depending upon the nature of their business, such as for restaurants, he will have to obtain additional licenses. The major compliance will be with the Sales Tax

⁷ Amlanjyoti Goswami, Namita Dalmia and Megha Pradhan, "Entrepreneurship in India", National Knowledge Commission, 1(2008): viii-ix

Department and Income Tax Department. A new business will also have to register with the Registrar of Companies. The RoC comes under the Ministry of Corporate Affairs. Here is the contact info:

<http://www.mca.gov.in/Ministry/roc.html>

Here is a list of common of licenses that a business will require⁸:

Service Tax Registration:

This Service Tax comes under purview of Department of Revenue, Ministry of Finance.

PAN Card:

This is issued by the department of Income Tax -

<http://www.incometaxindia.gov.in/> PAN online application can be found here:

http://www.incometaxindia.gov.in/archive/PAN-OnlineApplication_06032012.pdf

TAN (Tax Collection and Deduction Account Number):

Tax Deduction Account Number (TAN) is a unique 10-digit alphanumeric code allotted by the Income Tax Department to all those persons who are required to deduct tax at the source of income. The Department of Income Tax issues this.

VAT Registration:

Registration is done at the Department of Sales Tax.

Shops and Establishment License:

Shops & Establishment is a state based license, which is applicable if you are opening a shop or commercial establishment. This is managed by the municipal corporation.

Central Excise License:

Excise Department issues this. If you are a hospitality business or run a liquor store, you will need to deal with The Department of Excise Entertainment and Luxury Tax.

Importer Exporter Code (IEC):

If you plan to get into export/import you need to apply for IEC. IEC is a unique

⁸ Derek Sivers, "India Startup Guide 2013, New Insider Insights for Business in India", Wood Egg LLC, 1(2013): 222-225

10-digit code issued by DGFT, or the Director General of Foreign Trade, Ministry of Commerce.

Professional Tax:

In India, professional tax is imposed at the state level. Not all the states impose this tax. The states that impose it are Karnataka, West Bengal, Andhra Pradesh, Maharashtra, Tamilnadu, Gujarat, and Madhya Pradesh. Business owners, working individuals, and merchants need to pay this tax.

Employee Provident Fund Registration (EPFO):

This is done at the local EPF office. More details can be found here:

<http://www.epfindia.com/>

ESI (Employee State Insurance) Registration:

ESI Corporation (ESIC) is a social security organization that comes under Ministry of Labour and Employment: <http://www.esic.nic.in/>

Department of Labour and Employment:

Factories, contractors, shop owners, and other commercial establishments need to deal with this department.

Please note that Service Tax and Central Excise tax can both be paid online here:
<http://www.aces.gov.in/.>

The Foreign Investment Implementation can also checked here:

Authority (FIIA): <http://dipp.nic.in/English/Investor/FIIA.aspx>

The Government of India has set up the Foreign Investment Implementation Authority (FIIA) to facilitate quick translation of Foreign Direct Investment (FDI) approvals into implementation to provide a pro-active one-stop aftercare service to foreign investors by helping them obtain necessary approvals, sort out operational problems, and meet with various government agencies to find solution to their problems.

2.2 Field Visits

Field visits to New Delhi Municipal Corporation, Shastri Bhawan (Central Secretariat), NASSCOM office of 10000 start-ups, India Angel Network and iAccelerator program were made.

Field visit to New Delhi Municipal Corporation was made and the location of the visit was New Delhi Municipal Corporation, Palika Kendra, CP and New Delhi Municipal Corporation Suvidha Kendra, Gole Market.

Primarily aim was to get some insights of the workings of NDMC also to know about the procedures followed in NDMC while sanctioning grants & permits. Herein, a visit to PR department was made, and views of Sh. O.P Mishra, Director IT services were taken.

Also to get the contact details of various departments' officers to whom we can make queries to. Visit to IT department was made to get to know the basic registration process for getting electricity/water/internet connection. ER. Deevesh Kumar, the Assistant Engineer Electricals (south) who sits in Palika Suvidha Kendra NDMC gole market, guided about how to get a commercial connection and what are the complicacies involved while applying and getting a commercial electricity connection.

Field visit to Shastri Bhavan (Central Secretariat) was made. The goal was completely different than what it had emerged. Inquiry about hindrance which one come across getting required sanctions while setting up a firm in partnership or JV basis, if the other partner is dormant & based abroad was to be done. This visit gave insights about the various hindrances while getting sanctions when a partner or company is based abroad & is venturing with an Indian firm. The basic objective was to see the levels or documentation procedures which a proposed venture of this kind goes through & identifying the hurdles in secretarial working while clearing the sanctions. To get to know if there are any policies under consideration to bring all the legal formalities to set up a company under single window.

The field visit to NASSCOM office (NASSCOM, Vishwa Yuvak Kendra, 2nd FLR, Opposite Police Station, Teen Murti, Delhi) was made to know their strategic planning to promote entrepreneurship. The goal was to know the responses they have received till now, and the reason behind their current success. The visit also gave an idea about their tie ups with different entrepreneurial promoting programs and the level of their collaboration with government and their future planning. The visit provided their perspective about collaborating with different entities promoting entrepreneurship. They want active participation from the entire player in the country to create overall healthy entrepreneurial environment in the country.

Visit to Incubation cell of Indian Angel Network proved to be very resourceful for the project work. The knowledge and experience of Mr. Gagan Aggarwal, head of incubation cell provided an insight to the pros and cons in the structure of working of incubation cell. He talked about the grants provided by the various government organizations through various schemes to promote entrepreneurship. He referred various sites which could provide better understanding of grants and support given by various committees. He talked about general scenario of the companies which get incubated from the incubation cell of Indian Angel Network. List of grants given by the government is given in appendix C.

The aim of the field visit was to know the constraint because of which the ratio of companies getting incubated to the companies applied for getting incubated is low. Also the aim was to get an idea about the number of companies getting incubated from incubation cell of Indian Angel Network. To know about the grants given by the government to entrepreneurs, students, social entrepreneurs, small, medium and large companies involved in R&D etc. The visit proved to be helpful in knowing the reasons for tough competition among entrepreneurs to get funded from angel investors.

2.3 Surveys

Online questionnaire is prepared to conduct the survey with as many entrepreneurs as possible. Questionnaire is circulated in Ecell of various colleges like IIT Bombay, IIT Delhi, IIT Kanpur, BITS Pilani etc.

The questionnaire was made and circulated to collect opinions and experiences from entrepreneurs or people interested in entrepreneurship, or having knowledge of the same.

The aim is to find out all the possible requirements that a start-up may require, and prioritize them on their needs. Other areas of interest are the obstacles that a start-up is likely to face, and the help that a venture seeks from the government. The analysis of this survey will lead to the formation of a proposal of a policy to make the governmental system more transparent.

Nineteen people participated in the survey, therefore it will not give an exact scenario but definitely it provides an idea about the issues concerning entrepreneurs.

The questionnaire is given in appendix A.

Responses from the survey conducted on the questions framed in the questionnaire (appendix A) are as follow.

Rating is done from 1 to 5, 1 being the least important and 5 being the most important factor.

The following is the list of data collected for the key success parameters for an enterprise.

Setting goals which match with current investment & plans [Key success factors]

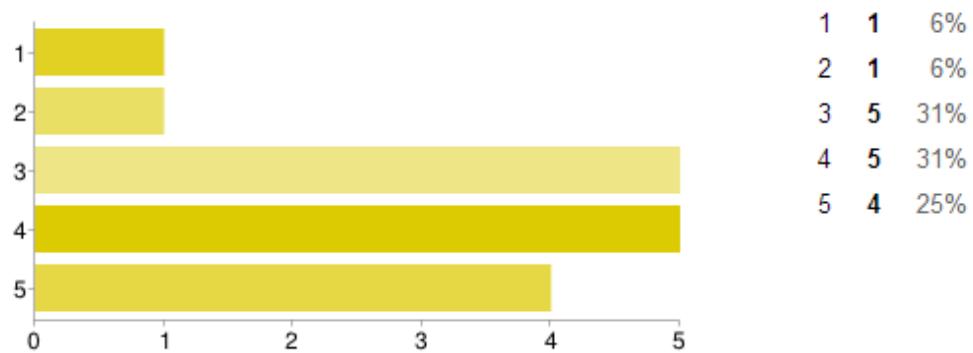


Figure 4. Setting goals

USP of the product/service [Key success factors]

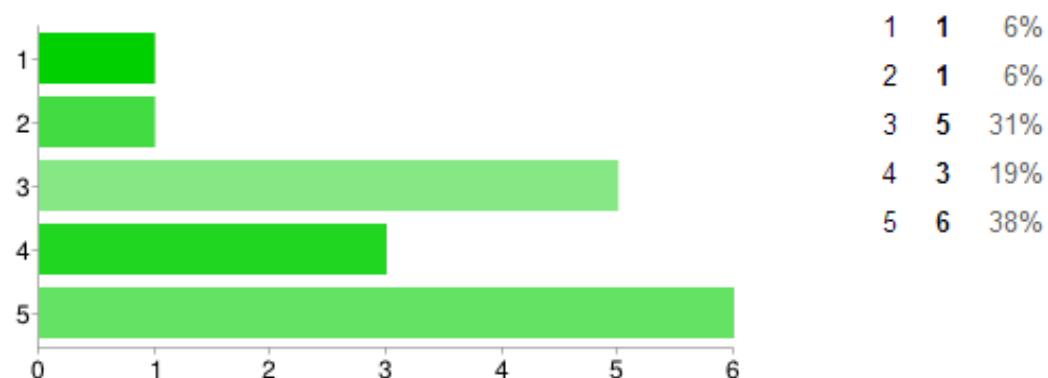


Figure 5. USP

Economic benefits with social and environmental benefits [Key success factors]

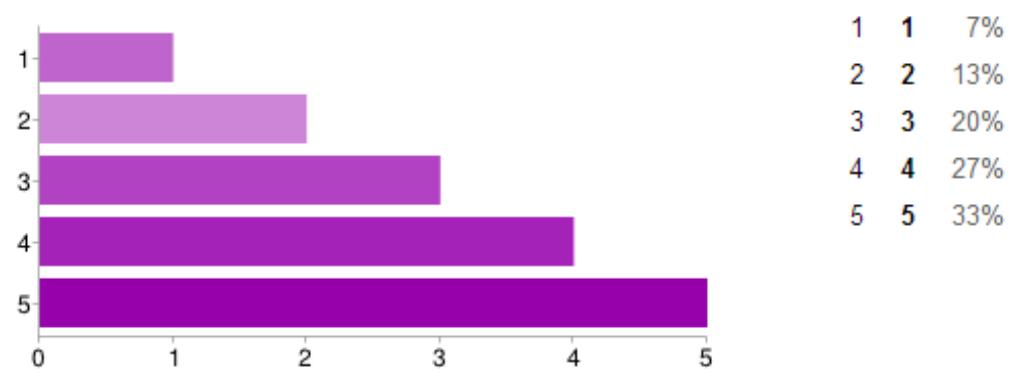


Figure 6. Economic benefit

Marketing of the product/service [Key success factors]

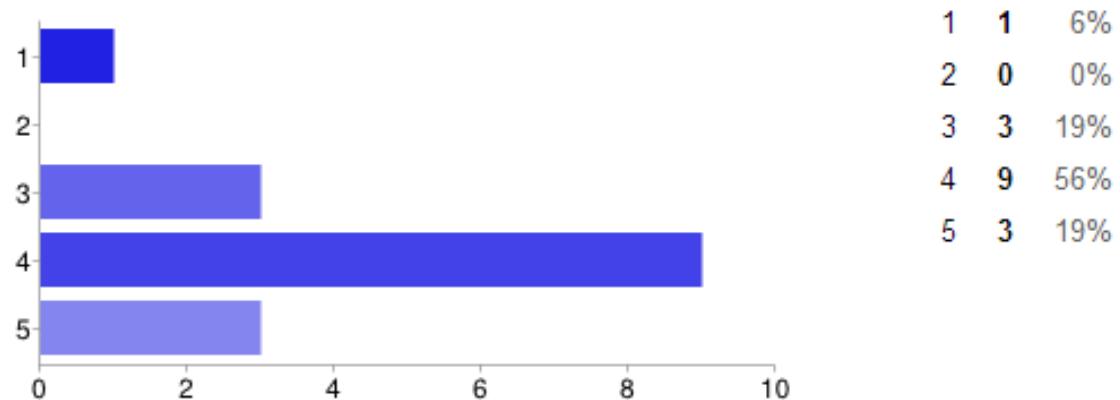


Figure 7. Marketing

Execution of the plans [Key success factors]

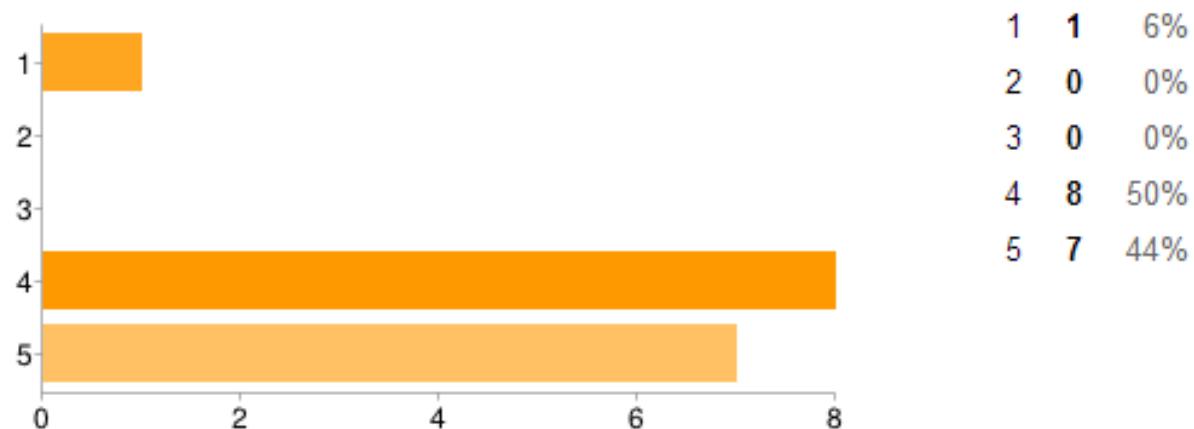


Figure 8. Execution

IT and infrastructure [Key success factors]

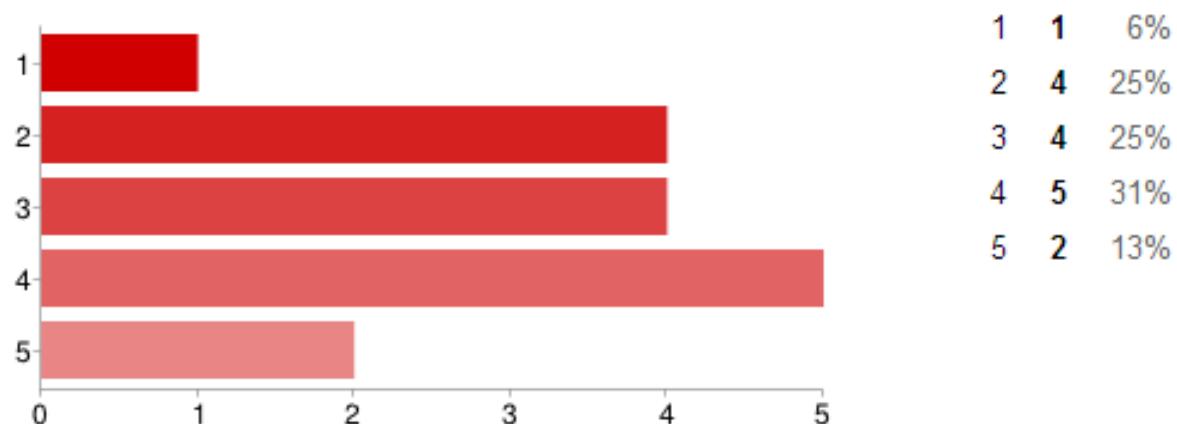


Figure 9. Infrastructure

Risk management [Key success factors]

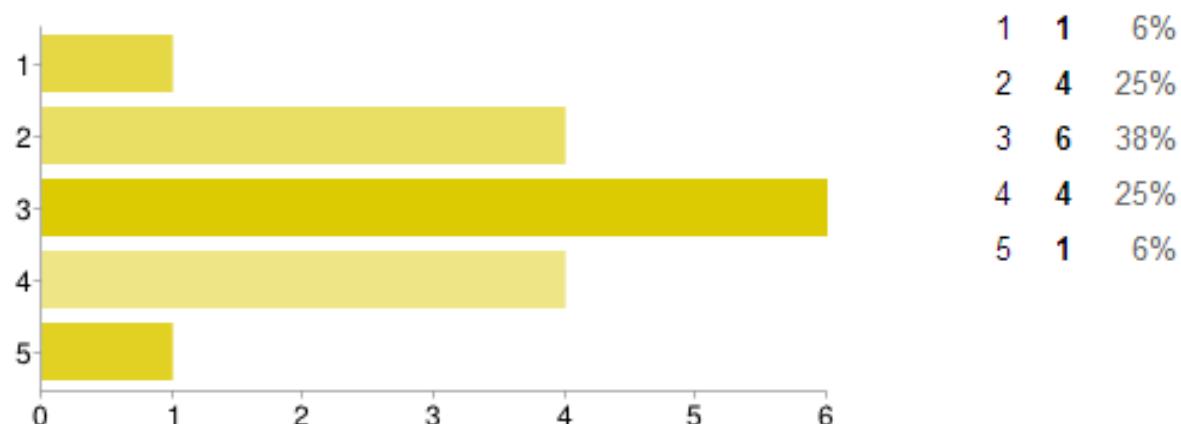


Figure 10. Risk Management

Community engagement [Key success factors]

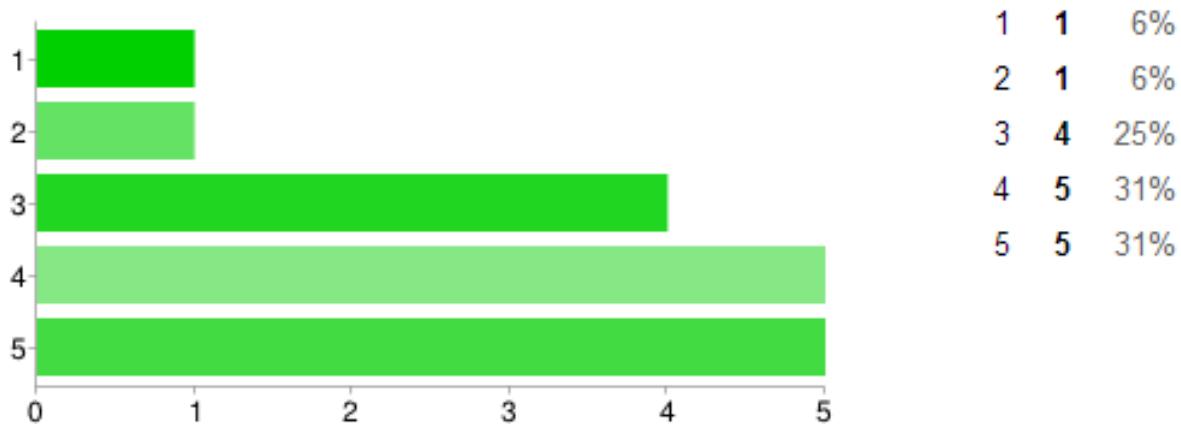


Figure 11. Community engagement

Team [Key success factors]

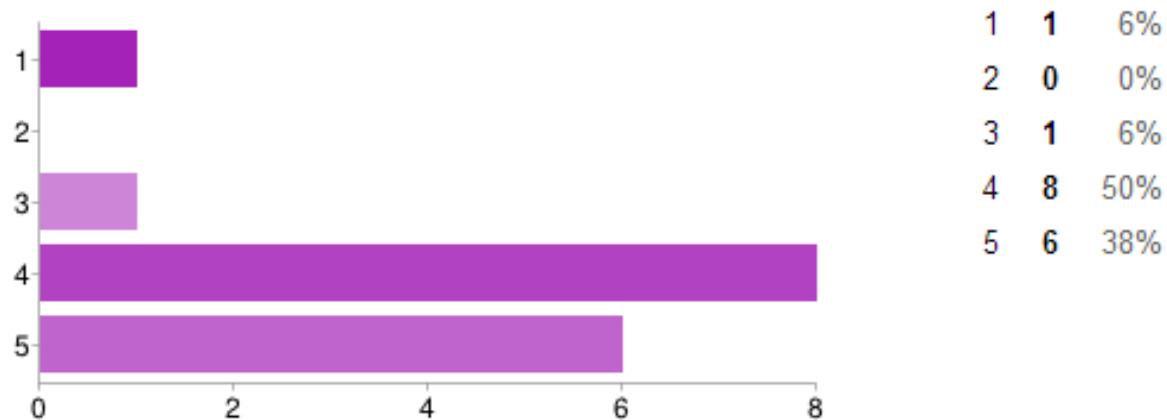


Figure 12. Team

Availability of adequate funds [Key success factors]

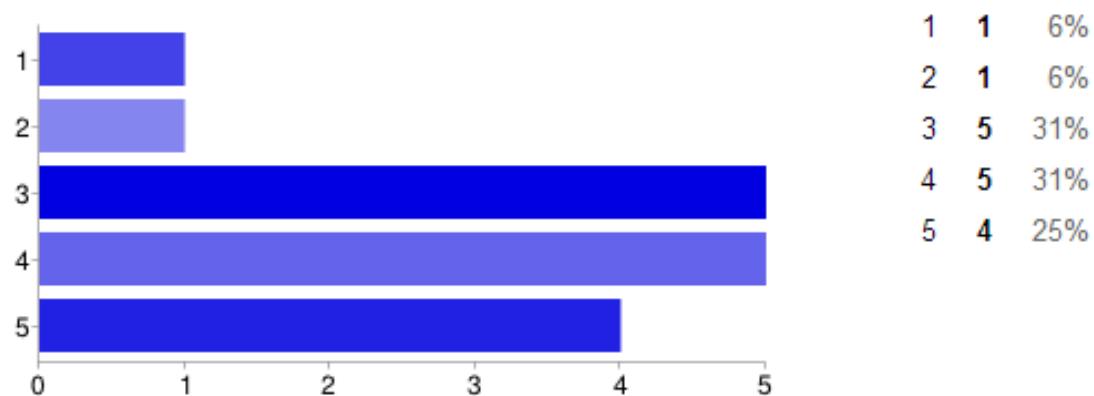


Figure 13. Funds availability

From the above collected data, the importance of each parameter for success of an enterprise can be guessed and it can be concluded that commitment of the team members for the start-up growth is very crucial as it gets maximum number of 5 pointers.

The following data will show the key obstacles parameters for an entrepreneur to promote his start-up. Again the rating is done from 1 to 5, 1 being the least important and 5 being the most important factor.

Government policy [Main obstacles, apart from funds]

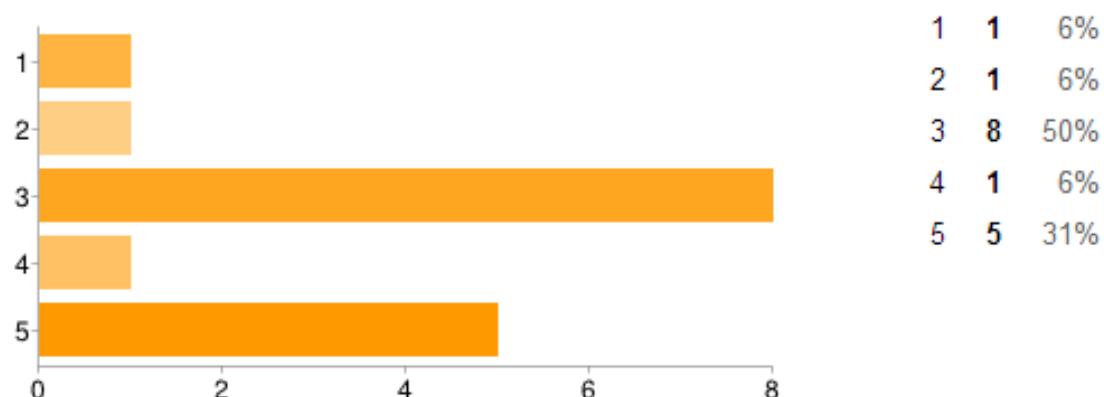


Figure 14. Govt. policies

Little or no marketing [Main obstacles, apart from funds]

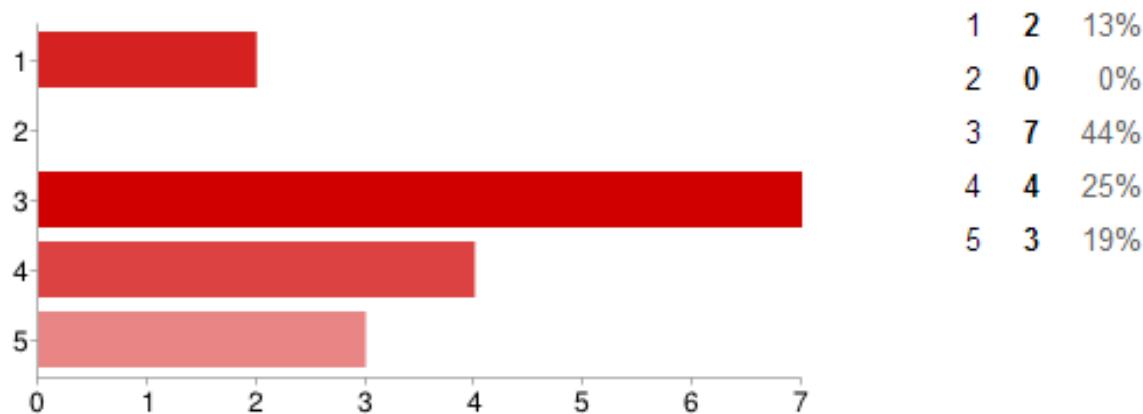


Figure 15. Low marketing

Poorly priced products/services [Main obstacles, apart from funds]

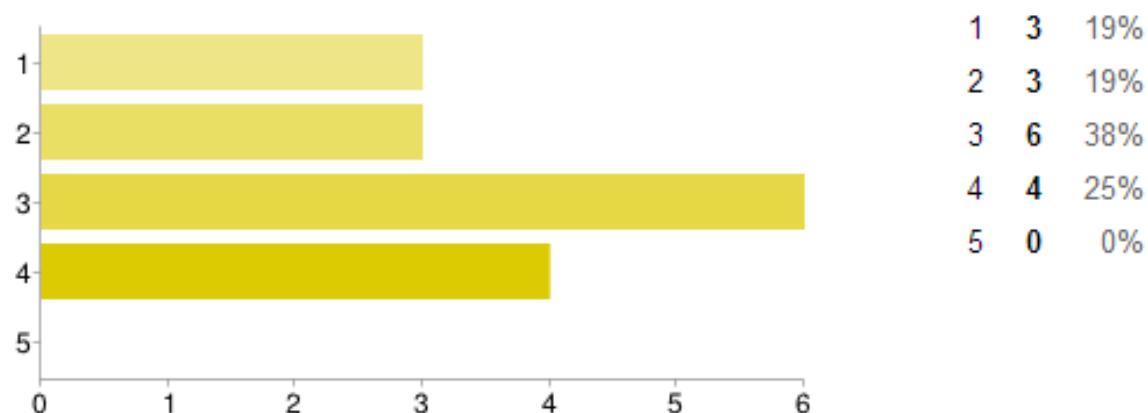


Figure 16. Poor pricing

Not a unique business idea [Main obstacles, apart from funds]

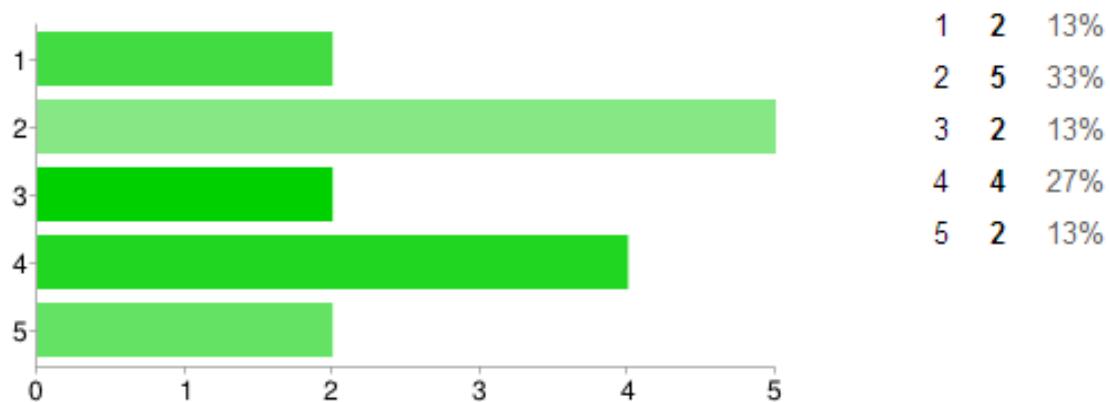


Figure 17. Business idea

Technology [Main obstacles, apart from funds]

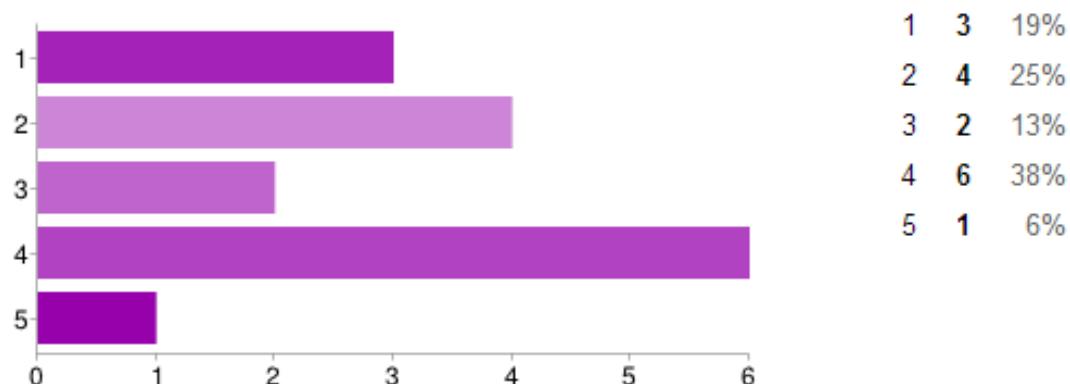


Figure 18. Technology

Absence of skilled labour [Main obstacles, apart from funds]

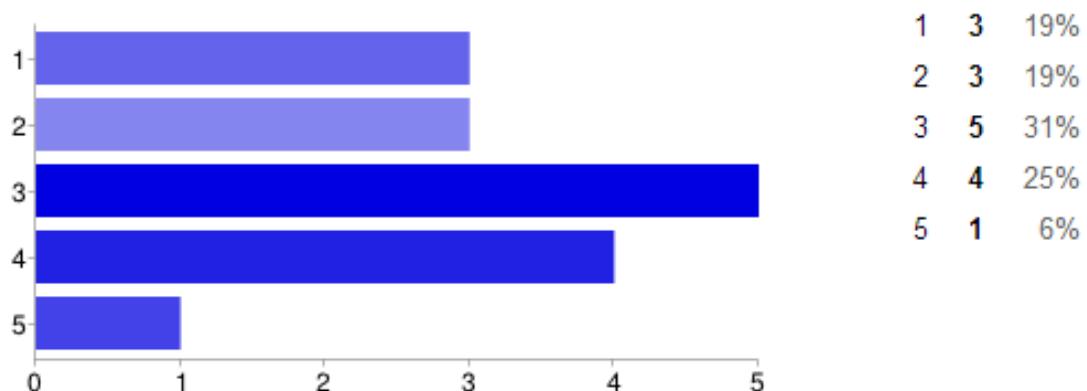


Figure 19. Skilled labour

Thrust from established competition [Main obstacles, apart from funds]

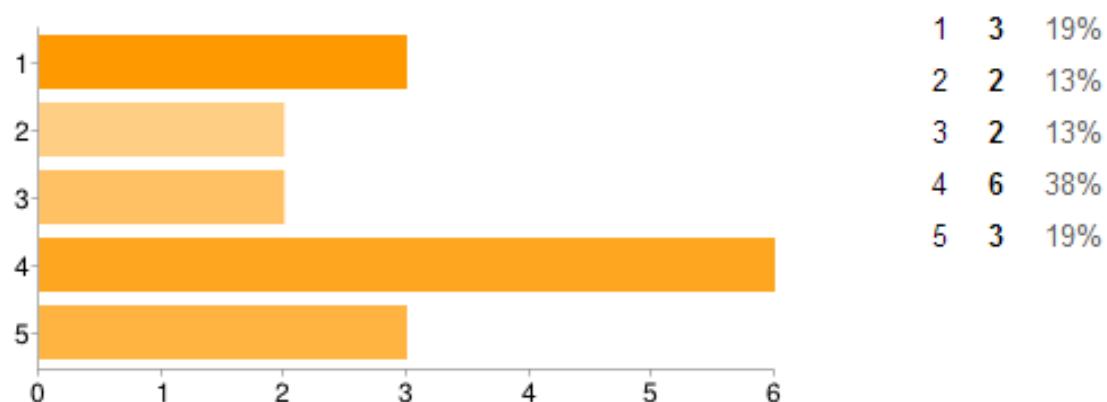


Figure 20. Competition

No historical data [Main obstacles, apart from funds]

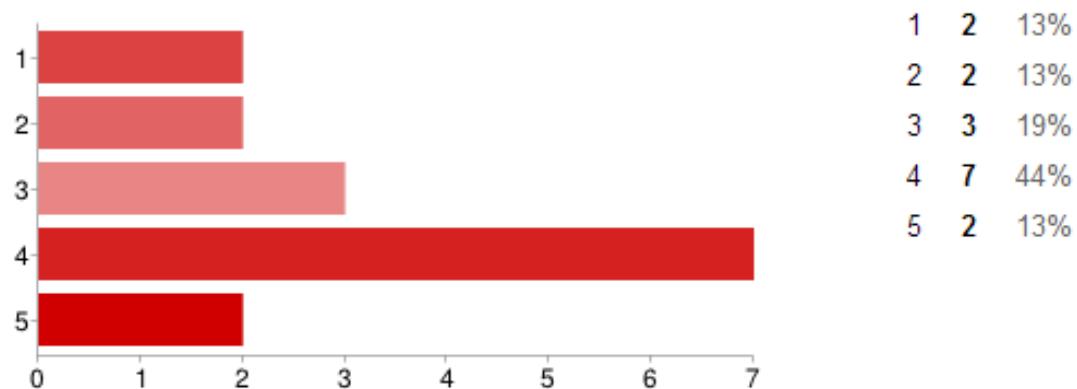


Figure 21. Historical data

From the collected data, it is evident that almost every stated problem is faced by an entrepreneur while working for his/her start-up. Therefore it is important to think on the above lines to make a better ecosystem which promotes entrepreneurship.

Response received on the importance of guidance from a mentor in helping your company grow and develop and how much helpful the mentor proved to be for a start-up. Again the rating is done from 1 to 5, 1 being the least important and 5 being the most important factor.

How much help or guidance did you get from a mentor / guider at the time of start-up?



Figure 22. Mentor guidance

The analysis of the number of people who got capital from angel investors is done to know what would have been their approach to get it or what would have been their failure reasons. The following data received from survey analysis will tell the ratio of entrepreneurs who got funding from the angel investors.

Did you get funding from angel investor?

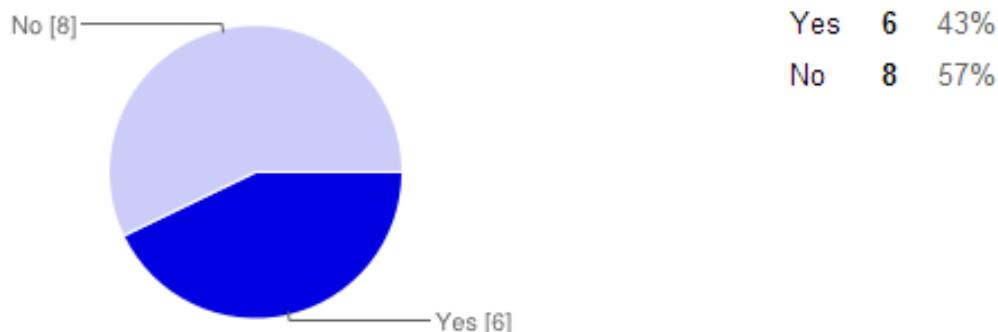


Figure 23. Funding from AI

Now the following data will show the parameters which helped in getting capital to company from the angel investor.

If you were funded, then what were the key success parameters?

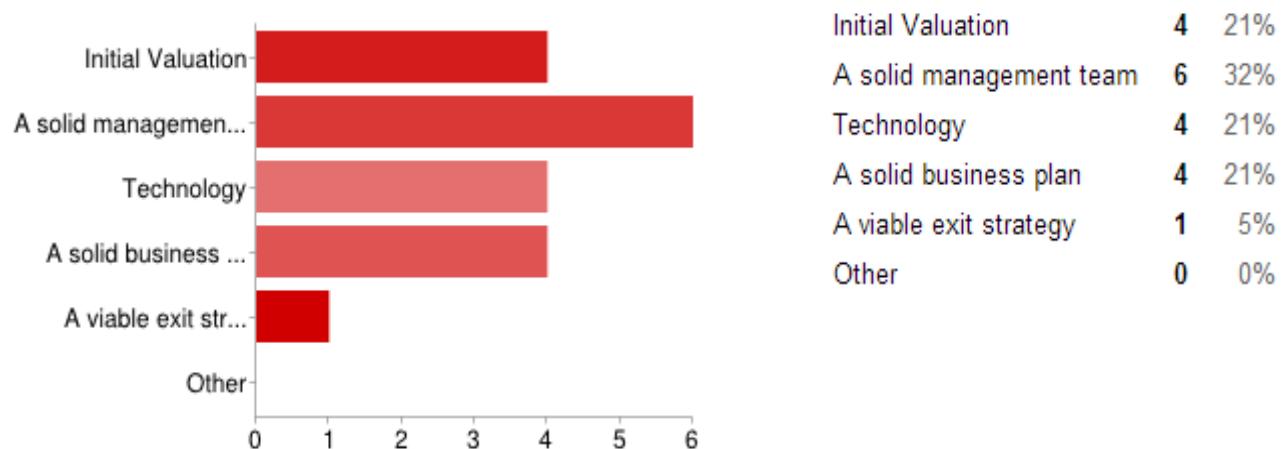


Figure 24. Success parameters for getting funds

And following is the data received from the survey for the obstacles which an entrepreneur faces while going to get fund for his/her company.

If you are not funded so far, what are they key parameters for that?

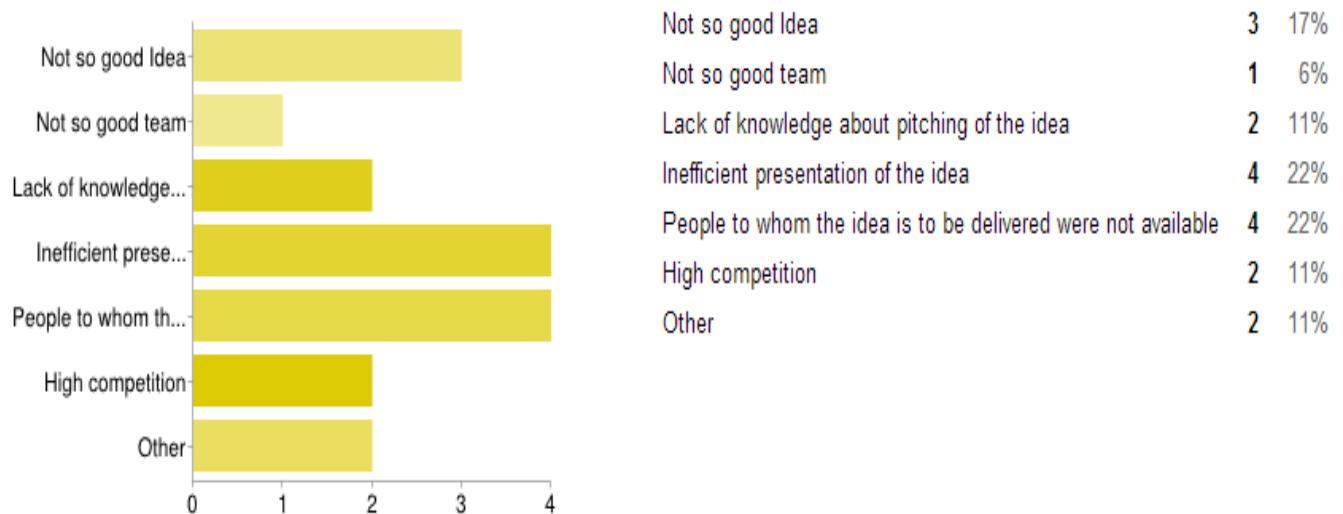


Figure 25. Failure parameters for getting funds

From the above figures, we can conclude that a dedicated team and its commitment is very important for a successful start-up and if the investors are able to see this quality in a company, they would like to invest in such company. On the other part, the companies which don't identify the right kind of people to whom they should deliver the idea and the companies which has insufficient presentation of data are less likely to get capital from the investors.

3. Current Government Efforts

3.1 Funding by the Ministry of Corporate Affairs to NGOs

The Ministry of Corporate Affairs (MCA) informed Asian Centre for Human Rights (ACHR) that Rs. 6,03,95,765 was given from the year 2002-2003 to 2008-2009 to NGOs engaged in activities related to investor education, awareness and protection and proposing for investors programmes, symposia, organizing seminars and undertaking projects for investor protection including research activities.⁹

Even after sanctioning the huge sum, the management, the selection process, the priority setting and the evaluation of funding to voluntary sector by the Government of India is deeply flawed. The mandatory requirement of prior recommendations of the State government officials from the level of District Magistrate has developed a system where the beneficiaries are mainly those which are close to the officials or the political leaders. As stated in many cases, the officials themselves are the ultimate beneficiaries.

The Indian economy is growing rapidly and the Government of India is allocating more resources than ever to the voluntary sector as it also rejects foreign aid. Yet, none in the Government of India knows even the amount sanctioned to the voluntary sector. India's funding to voluntary sector must be reformed. The "NGO Partnership System" initiated by the Planning Commission at best provides unverified data-base of NGOs and does not address the fundamental flaws of selection of projects. Funding to voluntary sector is not something that can any longer be done as part time job of the officials, many of whom are ultimate and illegal beneficiaries of the funds granted to the voluntary sector.

⁹ "India's Funds to NGOs Squandered", Asian Centre for Human Rights, 1(2013): 98-99

The need for transparency and accountability for funding to the voluntary sector can no longer be ignored. India needs to recognize that funding to the voluntary sector requires an independent and specialized agency with dedicated and specialized staff. In order to address the problems, ACHR recommends Govt. of India the following things:

- To establish “National Grants-in-Aid Commission” through which all grants to the voluntary sector by all the Ministries shall be routed through.
- In the interim period, direct (i) all the Ministries to do away with current process of recommendations by the District Magistrates and the State Governments, invite applications through open call for proposals, consider the applications on merits by independent evaluators, and conduct necessary verification only after short-listing of the applicants; and (ii) direct all the Central Ministries, the State Governments and Union Territories to make all information pertaining to the grants to voluntary sector including recommendations of the State government publicly available as part of the voluntarily disclosure under the Right to Information Act, 2005.

Under RTI filed by Shri Suhas Chakma, the year wise amount granted by Ministry of Corporate Affairs for activities related to investor education, awareness and protection and proposing for investors' programmes, symposia, organizing seminars and undertaking projects for investor protection including research activities.

Financial Year	Amount of Grants given to NGO's
2002-2003	Rs. 51,08,095
2003-2004	Rs. 60,30,000
2004-2005	Rs. 74,54,574
2005-2006	Rs. 73,12,255

2006-2007	Rs. 1,04,95,476
2007-2008	Rs. 1,13,30,167
2008-2009	Rs. 1,26,65,198
Total	Rs. 6,03,95,765

Table 3.1 Amount sanctioned by MCA to NGOs¹⁰

3.2 Government role

The government has taken various initiatives to promote entrepreneurship, but either they don't serve the purpose effectively or those initiatives turn out to be less when compared with the actual demand from entrepreneurs. However, there are some of the various government efforts to support entrepreneurial activities which are doing a justice are as follow:

3.2.1 TePP Scheme: The "Technopreneur Promotion Programme" (TePP) is an initiative of Department of Science and Technology (DST), Govt. of India to transform an individual innovator into a successful Technopreneur by supporting, funding, promoting untapped creativity of individual innovators. "TePP" was launched by the Ministry of Science and Technology and was jointly operated by the Department of Scientific and Industrial Research (DSIR) and Technology Information, Forecasting and Assessment Council (TIFAC) of the Department of Science and Technology (DST) but at present it is operated by DSIR alone since May 2008.

TePP is for budding professionals, common citizens and students interested in having a commercially viable and implementable, and a novel innovation. An innovator, interested in innovation is support by TePP in providing Grant –in-aid for prototype commercialization and development subject to completion of project which includes financial and technical assistance. TePP helps the innovators to get acquainted with the strategic and technical assistance in idea development as well as fundamentals of patenting. TePP has now been reorganized into a flagship networked program since

¹⁰ "India's Funds to NGOs Squandered", Asian Centre for Human Rights, 1(2013): 117

2006 with several outreach centers having evolved into India's first Open Innovation Network. Several new outreach center in virgin areas have been opened to promote innovation. This institute has been promoting innovative potential of Indians in the eastern region of our country with support of its open network partners across other centers. The center has provided support to the innovators of Rs. 50 million. The program has funded more than 600, scouted 12000+ innovative proposals.¹¹

3.2.2 Parishkaram: Recently on 1st April, 2103, government of Andhra Pradesh, the Andhra Pradesh Industrial Infrastructure Corporation Limited has launched "Parishkaram", an online grievance redress system, for entrepreneurs and grievance redressal system for addressing the grievances of industrialists and entrepreneurs pertaining to land.

The first of its kind in our country to deal with land issues, the system would save the entrepreneurs, small and big, from the hurdle of running to get their grievances redressed.

Advantages of online service pertaining to:

- The online services for entrepreneurs will enable them to file their request for sale endeavour, change in line of activity or change in the name of firm. Entrepreneurs will also get information of the status of their application through Email and SMS.
- The online grievance would be redressed pertaining to permission, land, status, maintenance of industrial parks, industrial area local authorities (IALA) etc. Moreover, a person can send online suggestions to the corporation.
- The grievance redressal online system, Parishkaram, is a full time 24×7 service which facilitates entrepreneurs in tracking grievances, including infrastructure issues.

The response of Parishkaram includes:

- Issuing provision allotment letter (7 days)
- To finalize action to be taken on applications related to allotment of lands (less than 45 days)

¹¹ <http://www.step-iit.org/TePP.html>

- To register sale deed on receipt of documents (within 45 days)
- Registration and Execution of Agreement of Sale (21 days).

The website, www.apiic.in, would act as a bridge in between APIIC and entrepreneurs. More importantly, it would save money and time.

For ST/SC women entrepreneur, the government of Andhra Pradesh is contemplating increasing the duration of reservation to five years as compare to earlier three years.¹²

3.2.3 CIIE India: Aided by the government of India and the government of Gujarat, IIM-Ahmedabad started its Centre for Innovation, Incubation and Entrepreneurship (CIIE) in 2001. It aims to foster innovation based entrepreneurship in India through training, incubation and investment. It is composed of alumni, students and the faculty, industry experts and mentors. CIIE is committed in helping aspiring entrepreneurs succeed commercially by offering them with facilities including which includes The Power of Ideas – A partnership between the Indian government and Times of India; Mentor Edge – the nationwide mentorship program to find the best ideas and start-ups successes; iAccelerator – IT startup program; and INFUSE – Indian Fund for Sustainability. The incubation centre helped more than 30 start-ups in getting success; some of them are Awaaz.De, Biosense and Aspiration Energy.

3.2.4 ISBA: The Indian STEP and Business Incubator Association was set up in 2004 as a registered professional body to promote business incubation activities in the country through sharing of experience, exchange of information, and other networking assistance among Science and Technology Entrepreneurs Parks (STEPs), Indian Business Incubators and other related organizations engaged in the promotion of start-up enterprises.¹³

¹² http://newindianexpress.com/states/andhra_pradesh/article1526544.ece

¹³ <http://isba.in/>

Apart from the above mentioned institutes and incubation association, there is a huge sum of grants provided by various government schemes to small, micro, techno etc. entrepreneurs. The exhaustive list of such grants given by the government is compiled in detail in appendix D. It includes the name of the organization which provides the grant, the sub-department/committee, the scheme under which it provides the grant, the funding amount ranging from thousands to lakhs, the target areas, as in the portfolio of the entrepreneurs which could satisfy the criteria and the purpose of the investments made by the investing organization.

4. Results and Discussions

4.1 Findings from the literature

The Literature that the Intern went through made the intern well aware of the situations of both sides of the coin and the most amazing thing in this topic is that both the sides of the coin have so many things to study and observe. The Intern could only cover a half of it as the months period is too less to write this midterm. This topic is such a topic which needs a long term research to reach a conclusion. Anyways the Intern has studied different reports cited above along with the synopsis of the same. In our country with over 1.2 billion population, there are hardly 1000 number of new companies that are getting started. Problems like unemployment, judicious use of resources etc. can be looked upon if entrepreneurship is promoted. One of the biggest problem in India for starting a new venture is the legal formalities one has to bear in order to register his/her company name, getting license etc. Thus it takes about a long time (3 months) to start an enterprise just because of paper work. There is a need to improve the transparency in the system. In countries like USA, this process is very quick and takes some minutes only to complete these legal formalities. This indicates the difference and thus the need of changes in our country's system.

4.2 Finding from the fields and impact on the theoretical focus of the project

Field visits made to different governmental official, incubation cell, accelerator programs and NPO working rigorously to promote entrepreneurship. This section includes the finding from the field visit to such places and its impact on the theoretical focus of the report.

4.2.1 Field visit to New Delhi Municipal Corporation: The field visit to NDMC was made to get some insights of the workings of NDMC also to know about the procedures followed in NDMC while sanctioning grants & permits.

4.2.1.1 Finding from the field visit to NDMC: The visit was an interesting & rigorous one. Exciting in terms when a government official works efficiently & tells that nothing is wrong in terms of their part or they do not cause delay & things like that. Visit was made to Palika suvidha Kendra in gole market, Baird Lane. Learnt about the different documents & procedures required to get an electricity connection. Visit helped in understanding the other perspective on making every legal formality a single window. According to E.R. Deevesh Kumar, bringing single window to get the electrical connection will have advantages as well as disadvantages. Advantage will be reduction of long procedure, visits to various departments, time etc. While the disadvantage could be the single handedly work done which reduces the accountability.

In Public Relations Department which was setup in 1967 to deal with the publicity of NDMC in whole by making the public aware about the different activities of NDMC being carried out by different departments. The department also interacts with the public by way of giving information and also attending to their queries. We had queries regarding the working of various departments, the contact person to approach to get to know the legal formalities (required documents, registrations, time involved) to get the basic connections of electricity, water, internet if you set up a company. The diary was provided which mentions the contact detail of many officers from various departments. This serves the purpose if the officer to whom the contact has to be made in order to satisfy query is known. O.P Mishra is the director of Information Technology, NDMC. His office is at 19th floor Palika Kendra NDMC. When enquired about the procedure & the time involved while setting a company, he shared some thoughts. In his point of view “opening a firm is one of the easiest in the world, India ranks 1st in terms of opening a firm. The time involved is at most 35 days”. No such registrations are involved just need to have a trade license & according to him the procedure is very lucid in nature. About setting up a new firm, new company, he was of the view that it is easiest done in India. In India, all the registrations for setting up a

new company are done in most economic manner. While its much tougher in the other countries. A person has to just think about the company name, business idea, objectives and goals, and then a Chartered Accountant will get all the legal formalities done in 7 days. He said there is no term as license for getting any kind of connection. He gave a brief of the work NDMC is involved with. He guided to other departments like PR & Commercial.

ER. Deevesh Kumar is the Assistant Engineer Electricals (south). He was a helpful person and did a frank discussion. He clarified about the basic legal formalities to get a commercial electrical connection.

It takes at around 35 days to get a domestic connection (not a part of my study). For getting a commercial connection, a person has to get the verification done at the Palika Kendra, where they will confirm if the address id given is legitimate or not. They would check for the id proof, authenticity. After getting all the checks from Palika Kendra unit, Palika Seva Kendra unit will grant the supply/connection after taking into consideration your id proof, affidavit and address proof to ensure the legal connection. It costs at around Rs1500 per KW for commercial connection. He gave another perspective on making every legal formality a single window.

According to E.R. Deevesh Kumar, bringing single window to get the electrical connection will have advantages as well as disadvantages. Advantage will be reduction of long procedure, visits to various departments, time etc. While the disadvantage could be the single handedly work done which reduces the accountability.

4.2.1.2 Impact on the theoretical focus of the report: To make a comparative study between the image that was broadcasted & the actual scenario. Decided to sum up the overall time, documentations required to get your company started with all basic facilities availability. To weigh all the pros and cons involved therefore to make a proper analysis before recommending the single window concept for getting a connection.

4.2.2 Field visit to Shastri Bhawan (Central Secretariat): The basic objective of the visit was to see the levels or documentation procedures which a proposed venture goes through & identifying the hurdles in secretarial working while clearing the sanctions.

4.2.2.1 Finding from the field visit to Shastri Bhawan: The input received from this visit was never anticipated. The pre decided purpose was to meet some officers from the Ministry of corporate affairs & discuss about the impediments which they came across from several other linked ministries while sanctioning clearances & other grants to new ventures in India. Further, the outcome was very much surprising. One important thing found is the hierarchy of positions (useless) which create hurdles only & do not work. They just enjoy & relax in their ac offices, enjoy foreign trips in wake of skill development or training process. They do no good to the administrative or implementation level. They just delay work. Meeting one junior level or section officers changed the whole perspective towards government officers. They were very good, knowledgeable & knew the core problems which exist in the system. They answered detail queries however not exactly on aimed objective but on other perspectives as well. Shri kumar is the Section officer in the ministry of social welfare & enforcement. He is a science graduate & working in the same designation for more than 14 years without any promotions, however had numerous transfers in his name. He was very polite in his approach & was the first officer to ask about work purpose of the intern. After an initial introduction he told intern to sit & discussed a range of things from technology to work structure to getting clearances etc. He was a proactive member in Integrated Asia (a technological, cultural group). He explained & shared various things with the intern for eg; an upcoming robotic invention in Japan which is been shown in America. He explained the technological backwardness of India. He said India after 60+years of independence does not have access to toilets, according to him 53%of urban population has no access to proper toilets. 11 lakh children in a year die due to cholera (water borne disease). Ministry of health & ministry of social welfare has budgets ranging thousands of crore but the interesting part is not corruption here but implementation. We simply don't work the way we

should also he coined a term that there is no accountability on delay. He shared a very interesting fact that in their department it took three & half months to get a citizen charter printed. A simple citizen charter which could be prepared by them in just 24 hours, took three & half months for Secretary of the department to decide whether to print it or not. This is was mainly because of the different sanctions from secretary to add secretary to joint secretary to secretary to chief secretary. These are various levels in normal course before getting proper sanction. If decision power of such small things is given at lower level, then actions can be taken faster.

4.2.2.2 Impact on the theoretical focus of the report: One important thing intern found is the hierarchy of positions which create hurdles only and do not work. They do no good to the administrative or implementation level. They just delay work. This is one of the biggest reasons which show why India is ranked 132nd out of 185 economies in the ease of doing business by the World Bank. Mr. Niraj Kumar clarified some of the legal procedure to start a new venture. He guided me to meet a chartered accountant to clarify each and everything to understand all the legal formalities to be taken. Also, it would be much better if visit is scheduled after getting contacts from Rakshak network.

4.2.3 Field visit to NASSCOM's 1000 startups: The main aim of the visit was to know their key strategy that sets them apart for promoting entrepreneurship and also to know the level of their collaboration with government and their future planning.

4.2.3.1 Finding from the field visit to 10000 start-ups: Learnt about NASSCOM's initiative of 10,000 startups which aims at bringing key stakeholders of the ecosystem, including start-up incubators/accelerators, angel investors, venture capitalists, start-up support groups and technology corporations to support entrepreneurs at early stages of their venture. Got to know the responses they are receiving. As of present date, they have closed the window for application for start-ups. Till now, they have received 4,000 applications for start-ups. Over the next one month, they would be sorting out the applications and inviting applicants for pitching.

Over next 3 to 4 months, they would analyze the behavior of the start-ups which they would have provided help. Learnt their perspective of doing collaboration with different organizations and institutes to promote entrepreneurship. They want active participation from the entire player in the country to create overall healthy entrepreneurial environment in the country. The 10,000 Start-up programs has the support of various consulting partners like Zinnov, angel partners like Chennai Angels, Harvard Angels, Hyderabad Angels, Indian Angel Network, Mumbai Angels and Silicon Valley Bank etc. Accelerators like 91Springboards, IAN Incubator, Microsoft Accelerator. So they have contacts among almost all the players of entrepreneurial ecosystem. With respect to government interfacing with their program, they have collaboration only with Karnataka Government. Even they have to explore much about it. First they want to create a successful prototype and then they would take it on a larger scale. As of now, Karnataka government has provided them warehouses. These warehouses are provided to entrepreneurs at subsidized rate. They are looking of having other kind of help from government and also to take it up to different states.

4.2.3.2 Impact of 10000 start-ups visit on the theoretical focus of the report: To analyze the key role played by all the players of ecosystem and their need. This 4000 number of applications show us that if we have proper platform in place, then entrepreneurs will come ahead willing to take risk to initiate a start-up. A structured thought process on the collaboration is needed to make for more effective results. To explore more on the pros and cons of having collaboration with government.

4.2.4 Field visit to Indian Angel Network: The field visit to incubation cell of Indian Angel Network was made to know about the grants provided by the various government organizations through various schemes to promote entrepreneurship. Other aim was also to know the scenario of the companies which get incubated from the incubation cell of Indian Angel Network.

4.2.4.1 Finding from the field visit to Indian Angel Network: Mr. Gagan Aggarwal, head of incubation cell, explained the process through which companies are incubated through incubation cell. He gave a rough estimate of the number of companies which get incubated from the incubation cell of Indian Angel Network. Only approximate 10% companies are shortlisted from the total number of companies applied for it. Out of the shortlisted companies, only 10% of the companies are incubated from the incubation cell of IAN. Mr. Gagan Aggarwal spoke about the various incentives that our government gives to the entrepreneurs. He gave an excel sheet which contains the list of organization giving grants to entrepreneurs, various schemes, funding amount, target area, purpose, their websites, application form, terms and conditions etc.

4.2.4.2 Impact of IAN visit on the theoretical focus of the report: Learnt the problem with the current structure of funding a company. If the company has good idea and the incubation cell is agreed with the company's idea and proposed plan, then a person from the ministry will come and a meet takes place in between the entrepreneur, the incubation cell person and the person from the Ministry. For this meeting to take place, it takes a lot of time, may be more than a month. To find the loop hole in the existing structure, and to come up with a model which could increase the ease with which an entrepreneur can get advantage of the schemes, grants and capital.

4.3 Gap analysis

As stated above in NGOs role, the Ministry of Corporate Affairs (MCA) spends Rs. 6,03,95,765 from the year 2002-2003 to 2008-2009 to NGOs engaged in activities related to investor education, awareness and protection and proposing for investors programmes, symposia, organizing seminars and undertaking projects for investor protection including research activities. But the outcome we observe is not in tandem. Still after spending of this huge sum of money, India stands at 132nd position among 185 economies in ease of doing business. There is clearly a great deal of corruption in

between. India's funding to voluntary sector promoting entrepreneurship must be reformed.

A new initiative taken by the government of Andhra Pradesh, Parishkaram, an online redressal form for entrepreneurs is one the commendable way to make entrepreneurial activities easy for entrepreneurs and this kind of activities need to be followed throughout our country with proper mechanism and more elaborated approach.

The number of incubation cells and accelerator programs to promote entrepreneurship is also very less in number in our country as compare to other countries. In order to promote entrepreneurial environment in our country, there is a requirement of more number of incubation cells or accelerator programs or expansion of such existing programs. A data told in the iAccelerator program conducted by CIIIE in Delhi about the number of number of accelerator programs of America and our country is described in the following figure which gives an idea about the requirement of such programs in our country.

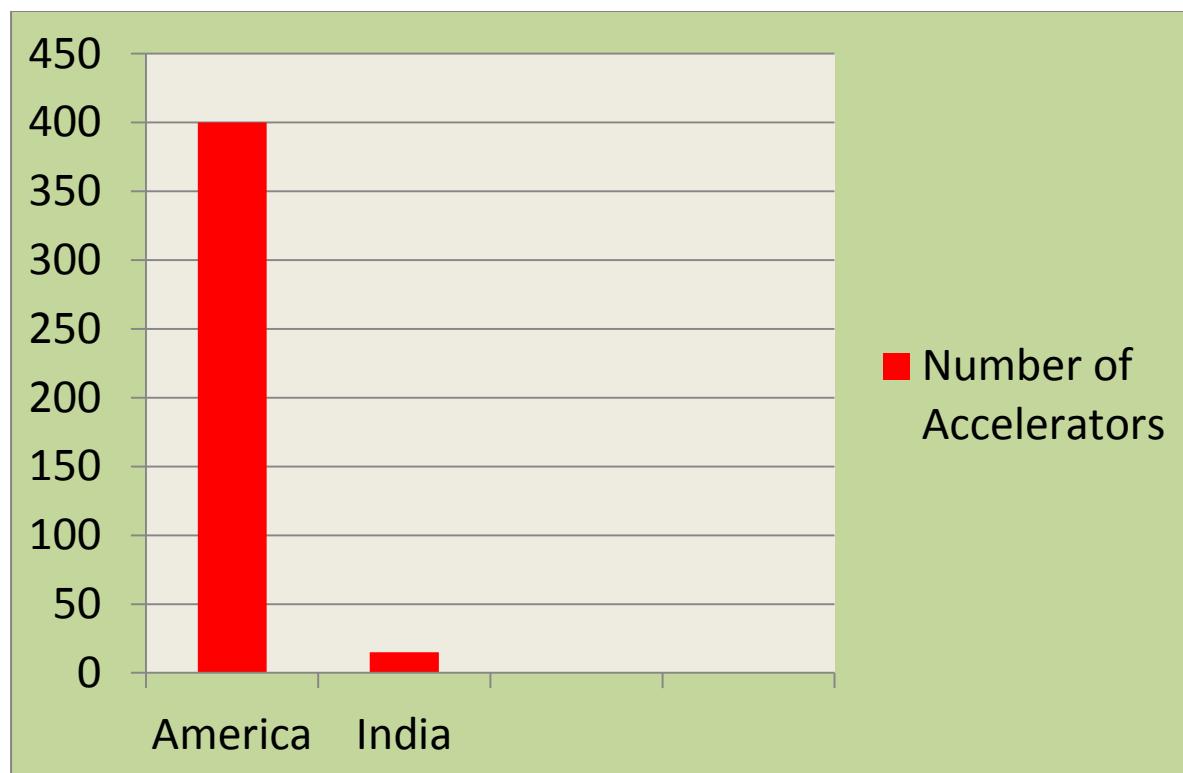


Figure 26. 400 v/s 15 number of accelerator programs.

Discrepancy is present in the current structure of fund allotment to the incubate by the incubators, in which the presence of an executive from the concerned department is compulsory. So for a meeting to take place in between the entrepreneurs, an executive from related department and the panellists from the incubator, it takes more than one month time which is simply a way too much and this time should be reduced.

5. Recommendations, Scope and Strategy for Implementation

5.1 Recommendations from literature research and survey analysis:

- On analysing the India's Funds to NGOs Squandered, it is clear that the amount sanction by government (Ministry of Corporate Affairs) to NGOs to promote entrepreneurial activities is a very large sum and the impact seen in correspondence is not visible. Therefore an improvement in this transaction is very much essential to ensure that the money is correctly spent on promoting entrepreneurial activities and is not consumed in between.

Presently, the date to apply for getting funds, the procedure to be followed to get the government funds, the documentations required to be submitted, every such detail is not known by the NGOs working in that field. The reason is the lack of awareness among NGOs and lack of publicity by the government about such initiative taken by them to promote NGOs. There is immediate need to make the system more transparent. For that a tab should be provided in the Ministry of Corporate Affairs (MCA) website under which the following things can be done:

- Providing a tab in the MCA (Ministry of Corporate Affairs) website declaring the date of submission of applications by NGOs which could be funded by the Ministry of Corporate Affairs at least one month in advance of the deadline.
- Under the same tab, provide the eligibility criteria for NGOs which could get funded by the Ministry of Corporate Affairs.
- Provide the list of NGOs which get funded from the Ministry of Corporate Affairs.
- Make the information related to those NGOs selection criteria available publicly through MCA website under the same tag.

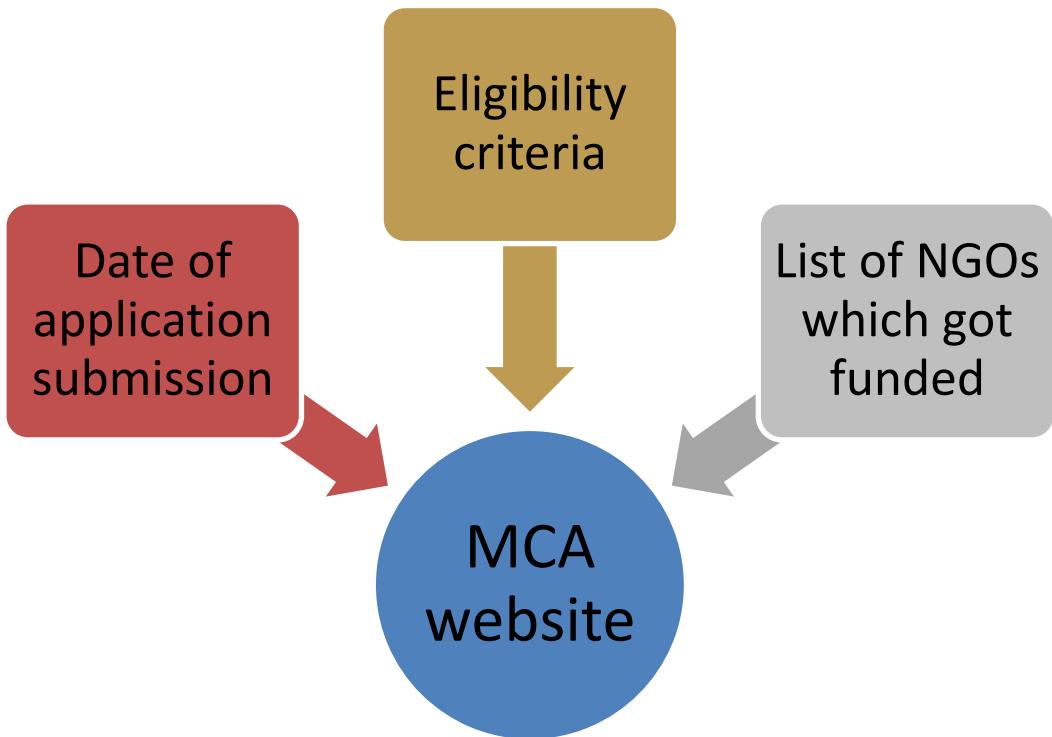


Figure 27. MCA tab

In the old FCRA (Foreign Contribution (Regulation) Act) there was no time limit for processing an application for registration. Under section 12 of the FCRA 2010, applications have to be processed within 90 days. The FCRA department shall also provide reasons for rejections.

The exact similar methodology can also be adopted by the Ministry of Corporate Affairs to provide reasons for the rejections to NGOs who fits the criteria but are rejected.

- After analysing all the reports read till now, it is very much clear that governmental legal procedure to be followed to take licenses and permission to open a start-up is a big constraint faced by entrepreneurs. Therefore smoothness in the procedure is very much needed, much like in a similar pattern of Parishkaram, an initiative of online redressal form for entrepreneurs being taken by the government of Andhra Pradesh.

So primarily, the objective is to identify all the sectors, that is, to identify the various government departments that a person needs to possibly visit in order to start the enterprise and to bring in e-governance for that matter. That would have the benefit of getting rid of lengthy legal procedure, corruption, and it would increase transparency and efficiency.

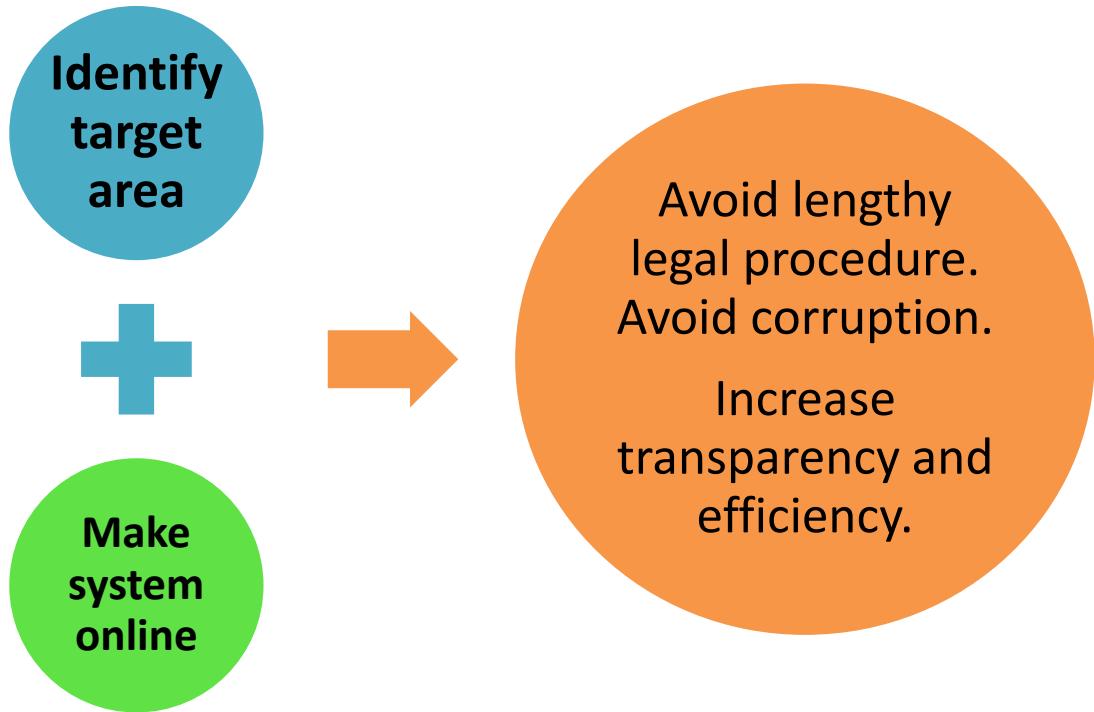


Figure 28. E-governance

Section 2.1.3 of this report talks about the various governments that a person has to visit in order to start his/her enterprise. MCA21 is a missionary Central MMP project which aims¹⁴ to build up a secure portal that offers availability of all registry related services including filing of documents, registration of companies and public access to corporate information. The portal services can be accessed/ availed from anywhere, at any time that best suits the corporate entities, professionals and the public at large. However it will not cover all the registration mentioned in section 2.1.3 and thus the requirement of single window is there. A single online portal where a person can find all the online solution for the registrations or grants mentioned in section 2.1.3.

¹⁴ <http://india.gov.in/e-governance/mission-mode-projects/central-mmpps>

- The education environment is needed to be improvised in our country. There should be elective course on startups whose curriculum should be prepared by Entrepreneurship Development Institute of India since this institute has promoted entrepreneurship in a large variety of educational institutions and Business schools across India, by developing courses related to entrepreneurship. UGCs curriculum has also been developed by EDI on entrepreneurship. Similarly if an elective course is prepared for the engineering students, they could opt for it depending upon their interest. The course structure should be designed in such a way that a student gets exposure to ground realities, the hurdles about making a start-up successful. This could be done by allocating them some real time task of solving problems faced by an entrepreneur.

One more flexibility in the education system is required to improve the entrepreneurial ecosystem in our country. If a student is interested and very enthusiastic about working for his/her start-up and for focusing on that, he/she wants to take a year off from the college, and then this flexibility should be provided by the college to the student. The student should have the chance to come back to college and resume his/her study in case his/her start-up doesn't work out or the student wants to continue with his degree anyway.

- The environment of business in which a technology based start-up is operated must be improved and reviewed upon in terms of the legal and regulatory framework to encourage the competitiveness and growth of such start-ups. Adequate awareness mechanism should be strengthened.
- Long term lower interest rate loan facility needs to be provided to start-ups that are supportive to overall growth, competitiveness of the startups and loan repayment.
- The relationship between start-ups and R&D institutions should be strengthened more. There should be promotion to the establishment of

technological enterprises units in the R&D institutions so as to facilitate assistance to these units.

5.2 Recommendations from field visit and observations:

- **From filed visit to incubation cell of Indian Angel Network**

As of present situation, for any company to get funding (via Government funds) from an incubation cell such as Indian Angel Network, it has to go through a prescribed procedure. Firstly, it has to enrol as an Incubatee with the relevant incubator and begin its mentoring. At some point the Incubator team has to evaluate the idea and present it for Seed Support. As per current norms, the executive from the relevant department has to join the meeting for the presentation by the innovator to seek seed support from the incubator. Only if the executive and the panellists from the incubator confirm that the project is suitable for seed support then only the funds can be given to the Innovator.

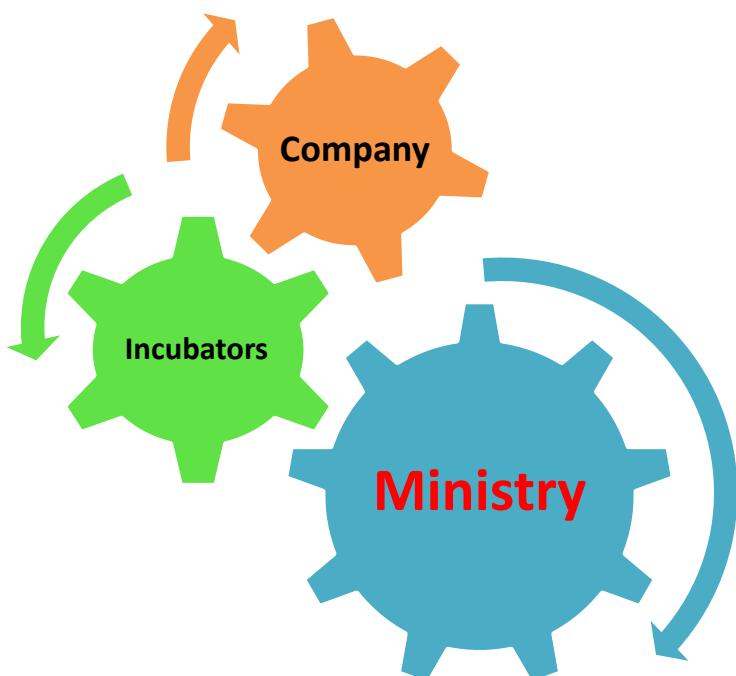


Figure 29. Interacting parties

The problem lies in the common physical meet. It was found from the visit to India Angel Network that for a common physical meet to happen between all three parties, it takes at around a month or more time. As we know time is money.

This is a time consuming process and requires co-ordination between many decision makers to confirm a suitable time and date for this session. In some cases the Incubatee is allowed to present and interact with the committee over Video Conference also. If this whole process can be run remotely via video conference we could possibly save some time for the innovator and others and get them funds quicker.

- **From field visit to iAccelerator event conducted by CIIE**

Generally, more than 500 applications are received by CIIE, out of which only 10 gets selected for accelerator program. Thus each batch has 10 companies. Out of which around 7-8 gets success at the end of the program. There are so many other companies which have good potential to grow but are not given the chance because of lack of opportunity. Thus expansion planning of such institutes is very essential to promote Entrepreneurship in India which has a huge potential to grow entrepreneurs.

The number of accelerators will give a sense of the need of having more number of Accelerator and incubation cells in our country. In America, there are around 400 Accelerator programs while in India, there are only around 10 Accelerator programs.

The potential problems with the expansion planning of incubation and accelerators programs promoting entrepreneurship are:

1. Money, funding for companies
2. Infrastructure, workplace for office

3. Networking, assistance from the expertise

If there is a solution to the above constraints, then institutes like CII can easily plan for their expansion program which in turn will improve the entrepreneurial environment in our country. Now here is a list of what could be done to improve the above mention condition:

1. CIE is a NPO. The present strategy for getting investments for the shortlisted companies is very restricted. They allow only investors with expertise who could provide assistance to the companies. In short, they don't take dump money for their shortlisted companies. The reason being the lack of care from the investor's side and more chances of companies' failure. But in contrary, there could be a win-win situation for the investors and the entrepreneurs. If incubators and accelerator programs allow money from a large pool of business man and other potential investors who even don't have much expertise in the start-ups, then for sure there is no problem of funding to the companies even if they go about expanding their batch size, number of batches and workplace in India.
2. There are some examples set by some state government for providing workplace at a subsidized rate. For e.g. Karnataka government has given infrastructure to the NASSCOM initiative, 10000 start-ups at a very subsidized rate in order to provide workplace for the entrepreneurs. If similar initiatives are also taken then this problem could be solved. The biggest challenge a start-up faces is during its growth stage. On later stage, based on whether a start-up gets succeeded or failed, there could be payback for the workplace utilized by that company.
3. There are many successful and not so successful entrepreneurs in our country and they can be great mentors because they have experience of ground realities. There are mentors and experts all over the country. These mentors should not necessarily be in the city to assist the company. They could do the same job over skype or google hangout.

Therefore if all the above three factors are taken care of, then there would be a healthier environment for the entrepreneurs and given more opportunities to them, fostering entrepreneurship in India is on a fast moving escalator.

There are some more important points where incubators and accelerators programs can be improvised. Corporate Social Responsibility is an untapped source for the investment in the start-up enterprises. Incubators and accelerators can get a good investment for at least the social start up under their guidance.

One of the biggest challenges which an Entrepreneur faces is the problem of getting dedicated people to work for his company. Typically an entrepreneur would need technical expertise, people who could handle marketing, who could handle do ground work. Many a times, a start-up faces problem of getting such people.

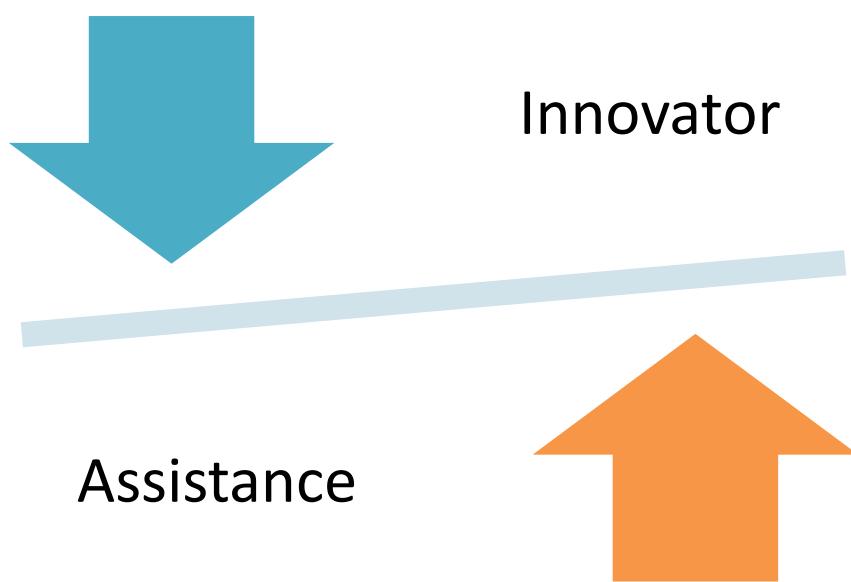


Figure 30. Challenge faced by an entrepreneur.

There is a lot of highly enthusiastic youth at institutes like IITs, BITS, NITs etc. Students from these colleges are willing to work for a start-up because it would add up to their learning for which they crave for. Therefore it's a win-win situation for the start-ups as well as the students. But the problem lies in the connection between them. Students don't know which start-up is working in which field and again start-ups don't know which

students are willing to work in their start-up and thus it results in no interaction between the two. Here, accelerator programs and incubation cells can play a good role.



Figure 31. Role to be played by incubation cells.

Students can apply for internship to accelerators or incubation cells and these requests can be forwarded to the start-ups which need the help or utilize the potential of such enthusiastic students. Therefore start-ups can then filter the requests and take the one which suits their purpose.

6. Conclusion

- Initiatives, like of NASSCOM 10,000 start-ups should be promoted and if as recommended, incubators and accelerator programs are promoted and their expansion is done, then our country will see a very healthy entrepreneurial ecosystem.
- More accountable system of funding to NGOs by the Ministry of Corporate Affairs would stress the Ministry to put the money in the actual cause.
- Making a single online portal where a person can find all the online solution for the registrations or grants mentioned in section 2.1.3 will make the procedure smooth and it will be easy for any person to perform the task by himself/herself to get the required registrations without much confusion and misunderstanding.
- The reform in educational structure as mentioned in the recommendation would bring a positive mindset to the students and they would acquire the confidence and capability to go for a start-up.
- Reforms in the working of incubation cells as mentioned in the recommendation would save the time for an entrepreneur to get capital for his/her enterprise.
- Expansion programs by accelerator programs would prove to be beneficial for more number of entrepreneurs and thus would result in fostering entrepreneurship in India.

Appendix A

Meetings and Interviews

My mentor is Mr. Anirudh Prabhakaran, Co-Founder, Learning Ray Education. He is in Bangalore so the meetings take place over google hangout.

Date: May 17, 2013

Time: 4:0pm

Duration of discussion: 30 minutes

Discussion:

1. Mentor asked my complete background detail and then he gave his introduction. Then he enquired about the internship schedule so that we can find a common time for interaction.
2. Mentor set two basic rules for interaction.
 - Timeline of interaction
 - Mode of interaction
3. Mentor and I agreed upon having an interaction every Friday from 4 to 5 pm. Mode of interaction would be either google hangout or voice chat of gtalk. Mentor asked me my understanding of the project. Then he gave his point of view. Then we had mutual discussion about the project idea. In our country with over 1.2 billion population, there are hardly 1000 number of new companies that are getting started. Problems like unemployment, judicious use of resources etc. can be looked upon if entrepreneurship is promoted.
4. Mentor made an analysis that one of the biggest problems in India for starting a new venture is the legal formalities one has to bear in order to register his/her company name, getting license etc. Thus it takes about 3 month time to start an

enterprise just because of paper work. There is a need to improve the transparency in the system. In countries like USA, it takes just 30 minutes to complete these legal formalities. Indicating the difference and thus the need of changes in our country's system.

5. Mentor suggested that entrepreneurship is a vast term therefore my project work may go haywire if it's not kept focused on the particular topics. So the project work will be mainly related to technological based entrepreneurship.
6. Mentor instructed to explore the key obstacles faced by entrepreneurs. Funding is the common and a solvable issue for any entrepreneur. So, I have to focus upon other main obstacles.

Action items before next discussion:

1. Research about key factors associated with the success of startups and entrepreneurship to be entirely thorough with the project idea. [7-14 days]
2. To prepare a short questionnaire for the entrepreneurs, to know the key aspects of success of the idea and what help they can seek from the government. [7 days]
3. To conduct this survey through various Entrepreneurship Development Cell and incubation cell of colleges like IIT Delhi, BITS Pilani etc. [Throughout]
4. To contact Ecell, incubation cell etc. to get better understanding of the project. [7-10 days]
5. To talk to as many entrepreneurs as possible. [Throughout]

Date: May 24, 2013

Time: 5 pm

Duration of discussion: 1 hour

Discussion:

1. Mentor was briefed about my one week work. He gave me suggestions where I could improve and focus more.
2. Mentor then discussed about questionnaire. Suggestions were asked from the mentor on the questions to be kept in the questionnaire for the survey purpose.

He gave many valuable suggestions like adding fund related problems. He corrected me to add LLP option in the question, Ownership pattern. He suggested adding Team option in Key success parameter questions.

3. Mentor gave many suggestion regarding fund related questions to be put up in the questionnaire.
4. Mentor and I discussed about some harsh facts such as, when an applicant submits his 4 choices of preferred names, he is generally not given name of first preference even it's available.
5. Mentor and I discussed about the RTI that I would file. He suggested almost all the questions to be filled in the RTI. Questions such as, Company preference name, average time for completion of the registration process, frequency of updating the Ministry of Corporate Affairs website etc. were discussed.

Action items before next discussion:

1. To be done with questionnaire and spread it among Ecell, incubation cell of various IITs, NITs, BITS and as many other contacts as possible. [Before July]
2. To file an RTI seeking information to bring clarity about a company's registration process. [7 days]
3. To get to know how many applicants are denied registration, how many applicants get first preference name for their company. What is the average time to register a company from the time when 1st application is submitted to the time when the complete registration is done? What all are the documents required to initiate a company? All these points to be put up in the RTI. [2 days]
4. Finally analyze the information so as to make the system more transparent.[After receiving RTI answers]
5. To meet as many entrepreneurs as possible and to take feedback from them about their experience of setting up the enterprise. [Throughout]
6. To visit NASSCOM to get to know their key strategy for promoting entrepreneurship. To observe the strategy they adopt to minimize the hurdles any entrepreneur face in the initial phase. [Before June end]
7. To visit the Ministry of Corporate Affairs to know the complete procedure for registering a company.[Before June end]

Date: June 14, 2013

Time: 5 pm

Duration of discussion: 1 hour

Discussion:

1. My mentor asked me in brief about my key findings of the first four weeks. I briefed him the same. Then we discussed about the midterm report. He went through it thoroughly and was very satisfied with the research I have done till now.
2. We discussed in detail particularly about “Parishkaram” scheme adopted by the government of Andhra Pradesh which I included in my report. I explained about it that it’s an online grievance redress system, for entrepreneurs and grievance redressal system for addressing the grievances of industrialists and entrepreneurs pertaining to land. The online services for entrepreneurs will enable them to file their request for sale endeavor, change in line of activity or change in the name of firm. Entrepreneurs will also get information of the status of their application through Email and SMS.
3. Then he added what I could do to improve the response for the questionnaire. He suggested me to ask people in a particular way so that they get incentive to fill the survey sheet. For e.g. I could put it in a way saying that whosoever people filling up the survey sheets, I would give them my final project report. This might not shoot up the response but can definitely fetch better result.
4. I asked him whether he could provide me the book, “India Startup Guide2013”. He told me he would exercise his network and see if he could provide it to me.

Action items before next discussion:

1. To meet and discuss about questions given in the questionnaire and other queries to the entrepreneurs contact given by Mr. Gagan Agarwal, head of incubation cell of Indian Angel Investor.

2. To spread the questionnaire again with the improvised write-up so that people may get incentivized while filling it.
3. To write a request mail to author of “India Startup Guide2013”, Derek Sivers, asking he could provide me free copy of the book for the policy research work.

Date: June 21, 2013

Time: 4:30 pm

Duration of discussion: 1 hour

Discussion:

1. The discussion started with the updates of the work which the intern did in the last week. Therefore the mentor was told the output of NASSCOM visit. He was briefed about the responses which NASSCOM have received till now for 10,000 start-ups for next 10 years, their tie ups with different organization and their interface with the government. The mentor was also told about the “India Startup Guide 2013” which the intern has received from its author. The mentor was also told about the websites like <http://www.tarasvin.com/> which provide the service for registering Private Limited, Public Limited, Limited Liability Partnership, Section 25 Company etc.
2. When mentor was told about websites which do the job of registering the company online, he recommended about having a separate department for startups, and senior IAS officer running on that entity. This recommendation has to be worked upon more seriously.
3. The mentor suggested joining the bits2startup google group as there are a lot of things which could be learnt from that group. The variation of discussion varies from getting a contact in some company to publishing about a blog to opening of a new firm to the requirement of any basic entity by an entrepreneur. So it will be helpful for the intern to look closely the problem which an entrepreneur faces.
4. According to the mentor, the taxation policy in India is not clear. Only if an angel investor invests more than a certain big amount, than only tax exemption is there. Less than that amount invested by an angel investor, it will be included

as the income in the book of receiving company, and thus the receiving company has to pay 33% of it, which almost kills the start-up.

5. In the discussion, mentor came up with one idea that is to set up the start-up department under MCA, which can advise finance ministry to do the taxation part of it. There will be fictitious company come up for tax break at low investment, fraud may happen. But there are ways of checking it out. He gave one very good example for it. In injury on foot, we don't cut the foot, rather rectifies the injury.
6. On asking the reasons about the lack of angel investors in our country, such that entrepreneurs have to fight tough to get seed funding, the mentor gave some reasons for it. According to him, education is very much required in terms of starting a company. Also, if from angel investor, somebody takes money and runs away, no tracking system like social security number is there in our country. Consumer courts, where decision can be taken quickly, similarly, there should be some enterprise which could solve entrepreneurs issues. The improvement in the ecosystem takes some time. On one part of the story, Silicon Valley took 20 years, but we have a model, and know pit and falls of Silicon Valley. 5 years are adequate to get the learning according to the mentor. Also trusting issue is also one factor which needs to get improved.

Action items before next discussion:

1. To join bits2startup google group to observe entrepreneurial activities closely.
2. To spread questionnaire again.
3. Try to get key learning from the "India Startup Guide 2013"
4. To go through some foreign scheme or policy to promote entrepreneurship that could be implemented in Indian conditions.

Date: June 30, 2013

Time: 5:30 pm

Duration of discussion: 1 hour

Discussion:

1. I told the mentor about the semiconductor policy of India. He told that design is different from manufacturing. He suggested me stick to on tech startups. Semiconductor design or manufacturing is IP intrinsic and hence needs deep pockets and hence startups cannot get into it. However, Nokia does a bit of semiconductor manufacturing for their mobile phones.
2. I joined bits2startup group. Mentor told me that he saw you on the group. He suggested going through the previous mails because it would get me good ideas. He told me to try to collate the observations from the 2 groups into typical issues faced by startups.
3. He suggested starting collating the observations you have made so far into all the issues that startups typically face and how they go about solving each of them. He told me not to worry about whether I would be right or wrong.

Action items before next discussion:

To read up and summarize the initiatives taken by various governments to promote startups including US, Singapore, Ireland, China and perhaps a few other developing economies viz., Malaysia, Brazil, Korea. Any recommendation that would be part of the final report has to have a strong grounding on what other countries are doing and using them with modifications for Indian conditions.

Appendix B

Questionnaire

Entrepreneurship in India

This form is to collect opinions and experiences from entrepreneurs or people interested in entrepreneurship, or having knowledge of the same.

The aim is to find out all the possible requirements that a start-up may require, and prioritize them on their needs. Other areas of interest are the obstacles that a start-up is likely to face, and the help that a venture seeks from the government.

The analysis of this survey will lead to the formation of a proposal of a policy to make the governmental system more transparent. So, please take this seriously.

* Required

Name

College / Company

Email id

Tel. No. / Fax

Ownership pattern:

- Sole proprietorship
- Partnership

- Private limited company
- Public limited company
- LLP(Limited liability partnership)
- Other:

Kind of startup: *

State whether in your perception, your company has:

- Survived successfully
- Still evolving
- Is struggling or has been bound up

Key success factors

Rate them 1 to 5, 1 being the least important and 5 being the most important factor

1 2 3 4 5

Setting goals
which match
with current
investment &
plans

USP of the
product/service

1 2 3 4 5

Economic
benefits with
social and
environmental
benefits

<input type="radio"/>				
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

Marketing of
the
product/service

<input type="radio"/>				
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

Execution of the
plans

<input type="radio"/>				
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

IT and
infrastructure

<input type="radio"/>				
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

Risk
management

<input type="radio"/>				
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

Community
engagement

<input type="radio"/>				
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

Team

<input type="radio"/>				
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

Availability of
adequate funds

<input type="radio"/>				
-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

Other key success factor than above mentioned ones.

Rate that too from 1 to 5 with the same grading criteria.

Main obstacles, apart from funds

Rate them 1 to 5, 1 being the least important and 5 being the most important factor.

1 2 3 4 5

Government policy	<input type="radio"/>				
Little or no marketing	<input type="radio"/>				
Poorly priced products/services	<input type="radio"/>				
Not a unique business idea	<input type="radio"/>				
Technology	<input type="radio"/>				
Absence of skilled labour	<input type="radio"/>				
Thrust from established competition	<input type="radio"/>				

1 2 3 4 5

No historical data

Other main obstacle except above mentioned.

Rate them too from 1 to 5 with the same grading criteria.

How much help or guidance did you get from a mentor / guider at the time of start-up?

Rate it on a scale from 1 to 5. 1 shows no mentor/guider and 5 shows getting useful help from a mentor/guider.

1 2 3 4 5

No help from anybody

Select a value from a range of 1,No
help from anybody, to 5,Very useful
help from mentor.,

Very useful
help from
mentor

Do you feel funding was a big issue for setting up the company?

- Yes
 No

How many Angel Investors did you contact?

Whether you succeeded in getting the funds is not the question.

- Between 1 to 3
- Between 3 to 5
- Between 5 to 10
- More than 10

Did you get funding from angel investor?

- Yes
- No

If your reply to previous question was yes, then what was the source?

- From friends' contact
- From relatives contact
- Individual efforts
- Other:

If you were funded, then what were the key success parameters?

- Initial Valuation
- A solid management team
- Technology
- A solid business plan
- A viable exit strategy
- Other:

If you are not funded so far, what are they key parameters for that?

- Not so good Idea
- Not so good team
- Lack of knowledge about pitching of the idea
- Inefficient presentation of the idea
- People to whom the idea is to be delivered were not available
- High competition
- Other:

Has government policy affected company's performance, and (if yes) then how?

Government policies include taxation system, clearing legal formalities such as registration of the company name, getting license etc. Try to provide detail description if your reply is yes.



Any other highlights of experiences, performance and achievements/failures since inception?



Appendix C

List of incubators and accelerators:

Name of the Accelerator/Incubator	Size of the investment/fund	Focus Area	Reference links	Services/Programs Offered
500 startups	Raised \$50mn in 2012 (global fund)	Phase 1: \$25K investment.	http://www.nextbigwhat.com/tag/500startups-india	Mentoring and Network of global entrepreneurs
GSF	\$25-30K for 5-8% equity	Internet/Mobile	http://www.nextbigwhat.com/gsf-accelerator-details-rajesh-sawhney-297/	Backing of super angels and 12 entrepreneurs in residence
Morpheus	Rs.5 Lakhs and 7% to 12% equity for the startup accelerator program lasting 4 months.	Open to all domains	http://www.nextbigwhat.com/search/themorpheus	A strong network of around of 65 startups from their portfolio and other mentors.
TLabs	Invests Rs.10 Lakh for a 10% stake	Internet, mobile and cloud based startups	http://www.nextbigwhat.com/search/tlabs	The accelerator program lasts for 13 weeks with mentorship from renowned entrepreneurs and angel investors along with office space for the team. Batches in February and August.
SeedFarm		Tech, Edu, Healthcare		Incubator has its own space of about 2,000 square feet in Bombay, right next to the Seedfund office.
Startup Village	Rs.100 crore for 1,000 student startups over a span of 10 years.	Student Startups. Students entrepreneurs in the state of Kerala would get attendance and marks grace under this program.	http://www.nextbigwhat.com/startup-village-incubator-297/	Startups recognized by DST (Dept of Sc. and Technology) would have tax exemption for 3 years for amounts up to 50Lakh
The Hatch	Around Rs.10 Lakhs and a higher amount in select cases. Mentors like Manish Sharma(printo) , Shabnam Aggarwal (Pearson) & Manish Agarwal (COO Reliance Entertainment Digital)	Open to all segments	http://www.nextbigwhat.com/he-hatch-incubator-in-india-297/	Virtual Learning Center for Entrepreneurs, Startup Accelerator Program, Startup Assistance Services and Physical Incubation

AngelPrime	USD \$200K-\$600K and coworking facility. Raised funding from Mayfield India	mobile internet, e-commerce and tablet/mobile app space.	http://www.nextbigwhat.com/search/angelprime/	
Veddus Ventures	Investments range from \$250k to \$10M. Veddus has both investment and incubatee companies in its portfolio		http://www.nextbigwhat.com/veddus-ventures-launches-incubator-in-gurgaon-invest-100-mn-in-startups-297/	
Kyron	\$50 million accelerator with \$100,000 in seed funding for a 10 % equity in the startup		http://www.nextbigwhat.com/amlit-ahuja-kyron-startup-accelerator-297/	
Microsoft Startup Aceelerator	No investment by Microsoft, just connects them with Venture Capitalists	Cloud, Internet and Mobile using Microsoft technologies like Azure	http://www.microsoft.com/india/bizsparkstartupchallenge/	Microsoft provides participating companies with access to all the software, development tools and cloud access that they need for free through the BizSpark and BizSpark Plus programs. It is also assuring connects with a minimum number of enterprises or consumers as early adopters.
The Startup Centre	Small amount of funding to the tune of Rs.10 Lakhs (Approx \$20,000)	Technology centric startups	http://thestartupcentre.com/	TSC helps with Business Model Brainstorming, Initial Client Introductions and Market Validation for the startups along with providing startups with an awesome set of mentors.
5ideas	2.5 crore per startup and deep collaboration for 6-12 months and 5 startups a time	Internet/Mobile Industry	http://www.5ideas.in/	Founders-in-Heel : An initiative to boost women entrepreneurship
Venture Nursery	Associated Angel investors may invest up to INR 25Lakhs in a start-up. Startups will give 3% sweat equity to Venture Nursery on admission	Media & Entertainment, Retail, e-Commerce, Consumer Technology, Education and CleanTech.	http://www.nextbigwhat.com/venturenursery-a-new-startup-accelerator-on-the-block-297/	A number of angels and mentors are residents
Unltd India	3 tier seed funding going from Rs.80,000 to Rs.20 Lakh. The go-to choice for social entrepereneurs	Social Entrepreneurs	http://www.unltdindia.org/	Critical seed funding and support system with coaching and training of social entrepreneurs. Along with accelerator program and co-

				working space.
Indian Angel Network	Provides a platform to leverage seed funding from a number of sources.		http://www.indianangelnetwork.com/incubator/	IAN Incubator provides a vast network for the startups to benefit from with domain expertise in a variety of fields.
Venture Center	Seed fund upto Rs.50 Lakhs	Technology Business (inventors and scientist entrepreneurs)	http://www.venturecenter.co.in/	Support in the form of labs and office spaces along with advisory services, referrals, scientific support, intellectual property services and various information services like talks/seminars, workshops and technical training programs.
Freemont Partners	Rs.20 Lakhs to Rs. 50 Lakhs	Mobile, internet and cloud	info@freemontpartners.com http://www.freemontpartners.com/	Support (Finance, Legal, Office Space), seed capital and partnership with Mumbai Angels
StartupSchool	No cash investment or equity.	Focus on internet and mobile technologies.	http://www.StartupSchool.in	The Startup School is a free residential technology startup incubation program located in Kochi, Kerala supported by the government of Kerala and the Choice Foundation.
Srijan Capital		E-commerce, SaaS, Mobile, Social Media, and Consumer Internet.	http://www.srijancapital.com/	
College Institution based Incubators.	Reference Links	Sector Details		
ISB Wadhwani Center for Entrepreneurship Development	http://www.isb.edu/WCED/			
CIIE, IIM Ahmedabad	http://www.cieindia.org/	Comprise of faculty, alumni and students of IIMA, mentors and service providers from the industry who span a variety of functional areas, sectoral domains and		

		geographies. Recently launched \$25mn Cleantech fund	
AMITY Innovation Incubator, Noida	http://www.amity.edu/aii/	Incubatees include ApnaCircle, Marksman, CircuitSutra etc	
SP Jain Institute of Management Research Center, Mumbai	http://www.spjimr.org/centre_entrepreneurship/home.asp		
NSRCEL, IIM Bangalore	http://www.nsrcel.org/	The NSRCEL set up by the Indian Institute of Management, Bangalore for seeding, nurturing and promoting entrepreneurship.	
SINE, IIT Bombay	http://www.sineiitb.org/	SINE administers a business incubator which provides support for technology based entrepreneurship. Thus, SINE extends the role of IIT Bombay by facilitating the conversion of research activity into entrepreneurial ventures.	
TBI, BITS Pilani	http://discovery.bits-pilani.ac.in		
SIDBI Innovation & Incubation Centre, IIT Kanpur	http://www.iitk.ac.in/siic/	IIT Kanpur has set up the SIDBI Innovation & Incubation Centre (SIIC) in collaboration with Small Industries development Bank of India (SIDBI) to foster innovation, research, and entrepreneurial activities in technology-based areas.	
Rural Technology Business Incubator (RTBI), IIT Madras	http://www.rtbi.in/	Rural Innovation. Portfolio : http://www.rtbi.in/startup_pf.html --- Around 5-7 per year and open to all candidates.	
NDBI (Design Incubator), Ahmedabad	http://www.ndbiindia.org/	Design Incubator. Incubees: http://www.ndbiindia.org/incubatee_startups_physical.html	

		<p>---</p> <p>Physical Incubatees of NDBI are eligible for Service Tax Exemption for three years or upto a max of Rs.50 lakhs turnover as per the recent notification of Ministry of Finance, Government of India.</p>	
Pik A Venture, South Asian Students Association at Stanford University	http://www.pikaventure.com/	<p>Founded by Dr Ruchi Dana and Anurag S. Yadav and investing between Rs.5 to 10 Lakhs in Indian student entrepreneurs. Focus on med tech, ICT and education.</p>	

Appendix D

List of grants given by government:

S. N o.	Organization	Sub-Department / Committee	Scheme	Funding Amount	Target	Purpose
1	Department of Scientific & Industrial Research (DSIR)	Technopreneur Promotion Programme (TePP)	Phase I: Micro Technopreneurship Support (TS)	Rs. 75,000 subject to 90% of approved project cost	Students / Individuals / Entrepreneurs	Grant for creating lab model / computer model
2	Department of Scientific & Industrial Research (DSIR)	Technopreneur Promotion Programme (TePP)	Phase I: TePP Project Fund (TPF)	Rs. 15,00,000 subject to 90% of total project cost	Individuals / Entrepreneurs / Start-ups	Grant to convert invention into a working prototype
3	Department of Scientific & Industrial Research (DSIR)	Technopreneur Promotion Programme (TePP)	Phase II: Supplementary TePP Fund (STF)	Rs. 7,50,000 subject to 90% of total project cost	Individuals / Entrepreneurs / Start-ups	Grant to carry out value added work such as product features, protection by patenting, aesthetic design etc,
4	Department of Scientific & Industrial Research (DSIR)	Technopreneur Promotion Programme (TePP)	Phase II: Seamless Scale-up Support for TePP projects (S3T)	Rs. 45,00,000 subject to 50% of total project cost	Individuals / Entrepreneurs / Start-ups	Grant to enhance product features, IP protection, limited production for test marketing

5	Department of Scientific & Industrial Research (DSIR)		International Technology Transfer Programme (ITTP)	Up to Rs 1 crore sanctioned in recent projects	Entrepreneurs / Industry / Institutions	Grant to promote international technology transfer and trade including exports of technologies, projects, services and technology intensive products.
6	Ministry of Micro Small Medium Enterprises (MoMSME)	Office of the Development Commissioner	Support for Entrepreneurial and Management Development of SMEs through Incubators	Rs 4 to 8 Lakhs, subject to 75% to 85% of project cost	MSME	Provides Grant to technology start-ups for prototyping and getting mentoring etc to build their companies
7	Ministry of Micro Small Medium Enterprises (MoMSME)		Marketing Assistance Scheme	Up to Rs 5 Lakh support for attending domestic and International exhibitions	MSMEs / Entrepreneurs	Grant to take part in exhibitions for Marketing
8	Ministry of Micro Small Medium Enterprises (MoMSME)	Office of the Development Commissioner	Market Development Assistance Scheme	Upto Rs 1.25 Lakhs. 75% for General category Entrepreneurs and upto 100% for Women / SC / ST entrepreneurs	MSME	Provides Air Fare and rental charges to take part in International Trade Fairs / Exhibitions

9	Department of Science and Technology (DST)	Technology Transfer Division	Instrumentation Development Programme	Up to Rs 35 Lakh sanctioned in recent projects, grant for technologists in academic institutions / soft loans or equity partnership with entrepreneurs	Scientists / Technologists / Entrepreneurs	To develop analytical, environmental monitoring, laser based, medical, food processing, geo-scientific, agri electronic instruments and sensors
10	Department of Science and Technology (DST)	Technology development	Water Technology Initiative (WTI) Programme	Up to Rs 1 crore sanctioned in recent projects, grant for technologists in academic institutions / grant to cover 50% cost of consumables for Industry-Institution partnership	Scientists / Technologists / R&D Labs	To develop low cost domestic purification technologies, options for disposal of scientific waste, initiating application of nano-technology
11	Small Industries Development Bank of India (SIDBI)	SIDBI Ventures	SME Growth Fund	Rs 2 crore to Rs 25 crore	MSME	Equity Investment in wide range of growth sectors, such as life sciences, retailing, light engineering, food processing, information technology, infrastructure related services, healthcare, logistics and distribution, etc.

1 2	Small Industries Development Bank of India (SIDBI)	SIDBI Ventures	National Venture Fund For Software and IT Industry (NFSIT)			
1 3	Department of Science and Technology (DST)	Technology Development Board (TDB)	1) Technology Development Board	Depends on Project (in Lakhs)	Entrepr eneurs / Industr y / Instituti ons	Loan @ 5-6% / Equity Partnership for working in indigenous technologies
1 4	Department of Bio- Technology (DBT)		Small Business Innovation Business Research Initiative (SBIRI) Phase 1	Upto Rs 1 Crore, upto Rs 50 Lakh as grant and rest as soft loan	Biotech Compan ies / Entrepr eneurs	Early Stage Funding for high risk, innovative ideas/products for commercialization
1 5	Department of Bio- Technology (DBT)		Small Business Innovation Business Research Initiative (SBIRI) Phase 2	Soft Loan upto Rs 10 Crores	Biotech Compan ies / Entrepr eneurs	Early Stage Funding for high risk, innovative ideas/products for commercialization
1 6	National Research Development Corporation (NRDC)		Angel Fund	Rs 10 Lakh to Rs 30 Lakh	Entrepr eneurs / Incubat ees at Busines s Incubat ors	Angel Funding through incubators set up by Department of Science and Technology (DST)
1 7	National Research Development Corporation (NRDC)		NRDC IPR LINE	All costs relating to Patenting	Invento rs	Financial and Technical support for patenting of Inventions
1 8	National Research Development		Innovation Invention Program	Rs 2 lakh	Invento rs	Awards to stimulate the spirit of inventiveness

	Corporation (NRDC)		(Support to Inventors)			
1 9	Department of Information Technology (DIT)		Multiplier Grants Scheme	upto Rs 2 crore or upto Rs 4 crore depending on the industry, R&D lab partnership	Industry-R&D institution partner ship	Grant to create indigenous products/packages
2 0	Department of Information Technology (DIT)		Support International Patent Protection in Electronics & IT (SIP-EIT) Scheme	SMEs and Technology Start-up units will be reimbursed upto 50% of actual costs, up to a maximum of Rs.15 lakhs per application, incurred in filing international patent applications in Electronics and ICT domain	Industry / R&D institute / Academic Institute	
2 1	Department of Information Technology (DIT)		Technology Incubation and Development of Entrepreneurs			
2 2	National Innovation Foundation (NIF)		Micro Venture Innovation Fund (MVIF)	up to Rs 10-15 Lakhs	Innovator / Entrepreneur	Soft Loans for unaided, Green, Grassroots' technological innovation or a traditional knowledge practice

2 3	Department of Bio-Technology (DBT)	Biotechnology Industry Partnership Programme (BIPP)	In Rs Crores, mainly for larger projects. Grant, Cost sharing and soft loans depending on partnership mode	Small, Medium and large companies involved in R&D	Scheme caters to high risk, transformational technology / process development.
2 4	Karnataka Information Technology Venture Capital Fund (KITVEN)	KITVEN Fund -2	Rs 1 crore to Rs 2.5 Crore	Pvt Ltd Companies looking for series A financing	VC fund providing equity capital for Investment in IT, Bio-Tech, Nano-Tech and other knowledge based industries
2 5	Kerala Venture Capital Fund	KVCF	Rs 25 Lakh to Rs 1.75 Crore	Pvt Ltd Companies looking for series A financing	VC fund providing equity capital for Investment in IT, and Bio-Tech companies
2 6	Ministry of New and Renewable Energy	Energy Recovery from Urban Wastes	Rs 1.5 crore / MW for setting up power plants	Entrepreneurs, Project Developers etc	Grants for generating power through two stage process, first producing RDF and then combustion
2 7	Ministry of New and Renewable Energy	Energy Recovery from Urban Wastes	Rs 2 crore / MW for setting up power plants	Entrepreneurs, Project Developers etc	Grants for setting up power plants based on high rate biomethanation tech

2 8	Ministry of New and Renewable Energy		Energy Recovery from Urban Wastes	Rs 3 crore / MW for setting up power plants, subj to 50% of project cost	Entrepreneurs, Project Developers etc	Grants for setting up demonstration projects based on gasification / pyrolysis and plasma arc technologies.
2 9	Ministry of New and Renewable Energy		Energy Recovery from Urban Wastes	Rs 2 crore / MW for setting up power plants, subj to 40% of project cost	Entrepreneurs, Project Developers etc	Grants for generation of power from biogas being produced at Sewage Treatment Plants.
3 0	Ministry of New and Renewable Energy		Energy Recovery from Urban Wastes	Rs 3 crore / MW for setting up power plants, subj to 50% of project cost	Entrepreneurs, Project Developers etc	Grants for generation of power from biogas being produced at Sewage Treatment Plants.
3 1	Ministry of New and Renewable Energy		Energy Recovery from Urban Wastes	Multiple schemes with different limits for different power sources, Please check website under Distributed Renewable Power	Entrepreneurs, NGOs, government agencies etc	Grants for generation of power in fields of Small Wind Energy, Small Hydro, Biomass Power, Biomass Pacifier and Biogas Power
3 2	Ministry of New and Renewable Energy		Energy Recovery from Urban Wastes	Not Mentioned, funds for R&D / IP only, 50% cost from Industry	Industry - Institute Collaboration	Grants for carrying out R&D projects in field of Renewable energy.

3 3	Ministry of Micro Small Medium Enterprises (MoMSME)	Office of the Development Commissioner	Credit Guarantee Fund Scheme for Micro and Small Enterprises	Collateral Free Credit upto Rs 50 Lakh	MSME	Loans for working capital as well as term loans are provided.
3 4	Ministry of Micro Small Medium Enterprises (MoMSME)	Office of the Development Commissioner	Credit Linked Capital Subsidy Scheme (CLCSS)	Loans upto Rs 1 crore, upfront capital subsidy upto 15% for technology upgradation	Small Scale Industry (SSI) including tiny, khadi, village or coir industrial units	Loans to upgrade Plant and Machinery
3 5	Small Industries Development Bank of India (SIDBI)		Direct Finance	Rs 10 Lakh and above	Entrepreneurs, MSME	Term Loans from SIDBI and other banks for various activities such as Technology upgradation, Infrastructure development etc. A brief summary of schemes is available here
3 6	Ministry of Micro Small Medium Enterprises (MoMSME)	National Manufacturing Competitiveness Council (NMCC)	Assistance for Grant on Patent/ GI Registration	Rs 25,000 for domestic patents and Rs 2 Lakh for foreign patents	MSME	Grant after the patent has been obtained by the organisation

3 7	Department of Scientific & Industrial Research (DSIR)	Technology Development and Demonstration Program (TDDP)	Grants / Loans, subject to maximum of Rs 250 Lakh	Start-ups possessing protected / licensed IP	Funds for accelerated product development in 9-12 months for faster market entry.	
3 8	Council of Scientific & Industrial Research (CSIR)	New Millennium Indian Technology Leadership Initiative (NMITLI)	Grants for Public Institutions and Soft Loan for Private Sector Companies. In few crore Rs for 2 years	Small, Medium and large companies involved in R&D and Public Institutions	Funds for scientific projects where markets and technology risks are high.	
3 9	World Bank & ICICI Bank collaboration	Technology Finance Group (ICICI Bank)	Sponsored Research & Development (SPREAD) Program	Rs 10 Lakhs to Rs 5 crores, 6% interest, 1.5-2 yrs moratorium period	Private Companies conducting research in partnership with public R&D Institutes	Provide loans to promote technology development by private sector in partnership with Technology Institutions like CSIR labs, IITs etc

4 0	Small Industries Development Bank of India (SIDBI)		Risk Capital Fund for MSMEs	Rs 25 Lakh to Rs 5 Crore. Subordinated debt upto 33% of post project tangible networth of the enterprise.	MSMEs in auto, enginee ring, pharma, textiles, softwar e, IT/ITES , EOU s etc	Provides equity capital, convertible debt to a company without requirements of collateral. A sample application form is available here
4 1	NABARD		RURAL INNOVATION FUND	maximum funding of upto Rs 30 lakhs is provided by Nabard per project	Individuals, NGOs, Community Based Organis ations, SHGs, Farmer' s Club, Panchay ati Raj Instituti ons and Corpora tes who have the expertis e and willingn ess to implem ent innovati ve ideas for improvi ng the quality of life in rural areas	Innovations related activities in the Farm, Rural Non- Farm and Micro- Finance sectors can have access to the RIF

				may apply.	
4 2	MoMSME	Scheme of Fund for Regeneration of Traditional Industries (SFURTI)	Please check the link	Grant to khadi enterprises and village coir industry	Brings improvement in the khadi industry.
4 4	Ministry of Water Resources, Government of India	R&D Programme of MoWR	Funding amount not mentioned.	Grants to academicians/experts in the Universities, IITs, recognized R&D laboratories, Water Resources/ Irrigation department	Grant for purchase of equipment; purchase of books and journals; development of other infrastructure necessary for the research; for the salaries of research staff in the grades of JRF/SRF/RA; for the cost of conducting the experiment including cost of consumables; and for travel in connection with

					ments of the Central and State Governments and NGOs	the research. If the host institute is providing any facilities - infrastructure or staff - then overheads upto 15 % of the total cost can also be charged to the project cost.
4 5	Aavishkar		AIMVCF (Micro Equity Fund)	An average investment size of US\$ 50,000 - 500,000, the fund expects to make 30-35 investments	MSME with rural focus	
4 6	Unniti Foundation, India Office			Funding amount not mentioned.	Grants to individuals, projects, and organizations in India and Nepal.	The Foundation serves to fund work directed toward the alleviation of poverty through the enhancement of skills and opportunities for productive endeavors
4 7	International Marketplace on Innovative Financial Solutions for Development		Top 5 winners of the Competition will be given this seed money and assistance will be provided in implementation	Grants of up to US\$100,000	Grant to entrepreneurs	
4 8	Ashoka Fund		Provide seed funding to social entrepreneurs.	Funding amount not mentioned.	Social entrepreneurs	

5 1	Nasscom Indian Innovation Fund		Provide seed funds for IP creation: The company must be based in India The business activity must have a focus on IP creation The company operating in one of the following sectors: * Automotive Infotronics & Intelligent Transportation Systems * Pharmaceuticals and drug discovery * Telecommunication technologies * Medical Devices * Information Technologies with multiple sector applications	Funding amount not mentioned.	Seed capital to entrepreneurs	
5 2	Morpheus		Morpheus invests INR 5 Lakhs (approx. USD 10,000) as financial capital in a startup	Invest Rs. 5 lakh as capital	Seed capital to entrepreneurs	
5 4	Redclays		The strategic investment can be in the form of Seed Capital, Early Stage, Expansion, Management buy-out or buy-in, Acquisitions, Pre-IPO finance, Turnarounds,	Funding amount not mentioned.	Seed capital to entrepreneurs	

		Reverse Merger & PIPE and Proprietary industrial products and services		
5 5	Indianinnovation.com	Provides seed fund in the area of agriculture, communication, energy etc. Funding amount not mentioned.	Funding amount not mentioned.	Seed capital to entrepreneurs
5 6	Ojas ventures	Provides seed fund in the area of Mobile Technology Telecom/wireless technologies Software as a Service Embedded software Web applications/services Consumer Internet Low Capex semiconductor Enterprise Software Technology enabled businesses that use technology as	Funding amount not mentioned.	Seed capital to entrepreneurs

		a core differentiator to create high growth business opportunities			
5 7	Seeders	They ask for a small stake in your venture (normally 12-20%). We typically invest anything between INR 5 to INR 15 lacs per venture.(Tech startups)	5-15 lakhs in return of equity stake	Seed capital to entrepreneurs	
5 8	NDN Ventures	They are a seed stage incubator. Specialize in small investments (never more than \$25,000), for which we retain a small stake in each company we fund (usually 15-20%)	Max limit: \$25000	Seed capital to entrepreneurs	
5 9	Ashoka Fund	Ashoka fund provides a living stipend for an average of three years, allowing them to focus full-time on building their institutions and spreading their ideas	Funding amount not mentioned.	Social entrepreneurs	

6 0	Skoll foundation	It provide funds in the form of awards to social entrepreneurs who have a proof of concept.	Funding amount not mentioned.	Social entrepr eneurs

Appendix E

Entrepreneurship in India

National Knowledge Commission

2008

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This report has been prepared by Amlanjyoti Goswami, Namita Dalmia and Megha Pradhan with support
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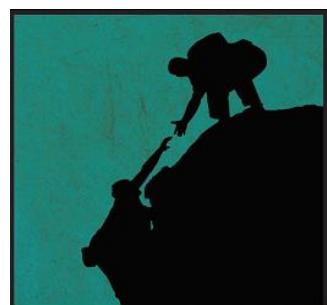
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“The highest measure of democracy is neither the ‘extent of freedom’ nor the ‘extent of equality’ but rather the highest measure of participation.”

- A.D. Benoist

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