

**Legal Challenges in Establishing Companies in India:
A Case Study on Start-ups in Karnataka**



Dissertation submitted in partial fulfilment of the requirement

for the Degree of

Master of Laws (LL.M.)

Corporate and Commercial Laws

Submitted by:

Raghavendra Hegde

Roll No.24PG00011

Supervisor

Dr. Pradeep Kumar

Associate Professor

Co-Supervisor

Kum. Ambika Bhat KS

Assistant Professor

School of Law, Governance and Public Policy

Chanakya University

(2024-2025)

DECLARATION

I, Raghavendra Hegde hereby declare that the Dissertation work titled “**Legal Challenges in Establishing Companies in India: A Case Study on Start-ups in Karnataka**” is an original work done by me under the supervision of **Dr. Pradeep Kumar**, Associate Professor - School of Law, Governance and Public Policy, Chanakya University, Bangalore.

I further declare that to the best of my knowledge this LL.M. Dissertation does not contain any part which has been submitted for the award of any degree either in this University or in any other Institutions without proper citations. It is further declared that all the sources of information used in the dissertation have been duly acknowledged. I understand that the dissertation may be electronically checked for plagiarism by anti-plagiarism software to assess the originality of the submitted work.

Date:

Raghavendra Hegde

CERTIFICATE

This is to certify that the dissertation titled “**Legal Challenges in Establishing Companies in India: A Case Study on Start-ups in Karnataka**” submitted by Name of Student Raghavendra Hegde, bearing Registration Number 24PG00011 in partial fulfilment of the requirements for the award of the Master of Laws (LL.M.) Corporate and Commercial Laws, at Chanakya University, Bengaluru, is an original work carried out under my guidance and supervision.

I certify that this is a Bonafide work of Raghavendra Hegde.

Place: Bengaluru

Date:

Supervisor

Dr. Pradeep Kumar

Co-Supervisor

Kum. Ambika Bhat KS

\

ACKNOWLEDGEMENT

I express my sincere gratitude to my Guide/Supervisor Dr. Pradeep Kumar, Associate Professor – School of Law, Governance and Public Policy, Chanakya University, Bangalore, for his invaluable guidance, encouragement, and constant support throughout the course of my research work titled “**Legal Challenges in Establishing Companies in India: A Case Study on Start-ups in Karnataka**” His insightful feedback and constructive suggestions have been instrumental in shaping this research.

I am also deeply thankful to Kum. Ambika Bhat KS, Assistant Professor, my co-supervisor, for her expert advice, encouragement, and unwavering support at every stage of this study. Her detailed reviews and thoughtful guidance have greatly enriched the quality of my work. I would also like to thank Asst. Prof. Arpit for his guidance and support.

Finally, I wish to thank my family and friends for their constant encouragement and understanding during the course of this research.

Date:

Raghavendra Hegde

TABLE OF CONTENTS

INDEX Topic	Page No.
Chapter I	
Introduction	1-3
Need of Research	4-9
Objectives of the Study	10-12
Chapter II	
Key Legal Challenges For Start-ups In India	13-24
Chapter III	
Government Loan for Business Start-up s In India	25-44
Review of the Literature	45-72
Chapter IV	
Analysis	73
Research Methodology	74-78
Chapter V	
Case Study Start-up in Karnataka	79-94
Chapter VI	
Recommendations	95-96
Conclusion	97-98
Bibliography & Citation	99-100

TABLE OF CASES

M/s. Trelleborg India Private Limited v. State of Karnataka — Writ Petns (Karnataka HC), reported: 2024 (7) TMI 1108;

Wipro Ltd. v. Assistant Commissioner of Central Taxes (Karnataka High Court) Writ Petition No.16175 of 2022 (T-RES), (summaries on tax blogs & firm notes).

NCLT (Bengaluru Bench) — Restoration of Company's name / struck-off companies (ROC register): NCLT Bengaluru orders (sample restoration orders in NCLT PDF listings); commentary on NCLT powers

LIST OF ABBREVIATIONS

Abbreviation	Full Form
NCLAT	National Company Law Appellate Tribunal
NCLT	National Company Law Tribunal
MoLE	Ministry of Labour and Employment (India)
MCA	Ministry of Corporate Affairs
MSME	Micro, Small and Medium Enterprises
USA	United States of America
SC	Supreme Court (of India)
HC	High Court
IBDN	India Business & Development Network
DPDP	Digital Personal Data Protection Act, 2023
IT Act, 2000	Information Technology Act, 2000
IMB	The Inter-Ministerial Board
IPR	Intellectual property rights
SIDBI	Small Industries Development Bank of India.
MUDRA	Micro Units Development and Refinance Agency
BCFS	Banking and Credit Financial Services
NSIC	National Small Industries Corporation.
DIPP	Department of Industrial Policy and Promotion
DICs	District Industrial Centres
JLGs	Joint Liability Groups
RIDF	The Rural Infrastructure Development Fund
NABARD	National Bank for Agriculture and Rural Development
CGTMSE	The Credit Guarantee Fund Trust for Micro and Small Enterprises

CHAPTER I

INTRODUCTION

Today's corporate culture has the potential to drain personal, family, and social life. Due to this, many employees are now considering independent work and setting up their own business operations. On 15, 08, 2015, during his public speech from Red Fort, Prime Minister Mr. Narendra Modi launched this campaign. Through multiple policy efforts, PM Modi's Start-up India flagship initiative aimed to build an ecosystem that supports growth and stimulates progress for Indian Start-up s, thereby leading to thousands of employment opportunities in the process. This initiative sought to position India among the most vibrant Start-up ecosystems worldwide.

In India, a start-up isn't just a private limited company. The Department for Promotion of Industry and Internal Trade (DPIIT) says a start-up can be one of three things: a Private Limited Company (under the Companies Act, 2013), a Limited Liability Partnership (LLP) (under the LLP Act, 2008), or a Registered Partnership Firm (under the Indian Partnership Act, 1932). This gives business owners some freedom to pick what kind of structure works best for them, based on how much money they need, how easy it is to follow the rules, and what their plans are for the future.

Private limited companies are the favorite for tech and fast-growing companies. This is mostly because investors like them and they can raise money by selling stock. LLPs are good because they offer some protection from debt but are also easier to run, so they suit small teams or businesses that provide services. Registered partnership firms aren't as common for start-ups that want to grow quickly, but they can still get DPIIT approval and the perks that come with it if they meet the requirements.

It's worth noting that some types of businesses can't be officially recognized as start-ups. These include sole proprietorships, unregistered partnerships, societies, and trusts. The government's Startup India program focuses on businesses with a formal legal

structure, which makes things more open, keeps people responsible, and makes it easier to fit into India's rules and taxes.

By having this wider view, India's start-up policies accept that businesses come in all shapes and sizes. It Lets both tech companies in big cities like Bengaluru, and also small, creative businesses in smaller cities get things like tax breaks, easier rules for selling to the government, discounts on intellectual property fees, and access to government money. This wider acceptance makes sure that new ideas and economic are not limited to just one kind of company, but are welcome in different types of businesses.

With Karnataka—especially Bengaluru—leading in innovation and entrepreneurship, India has truly emerged as a Start-up hub. The state hosts numerous fintech, tech, deep-tech, and e-commerce Start-up s. Even though the business environment is supportive, Start-up s in Karnataka face certain legal and regulatory tasks that can disturb their early development and expansion. This research identifies the legal barriers faced by Karnataka's Start-up s, examines the current regulatory framework, and suggests improvements to strengthen the legal environment for these emerging businesses.

There are nineteen incubation centres running under the Start-up India scheme, helping with smoother patent filing, tax benefits, easy setup of businesses, access to a Ten thousand Crore fund, and quicker exit options, with alternate other advantages. Start-up India. Permitting a supportive environment beyond mere "Jugaad".

The Start-up India new scheme was started for individuals who possess thoughts and capabilities, that the government authorities can provide assistance to help them develop and implement these ideas. Every person carries an idea, but due to sufficient of experience in technical areas, products, goods and services, marketplace knowledge, product viability, and customer engagement, they are unable to execute their concepts. To assist these people, the government provides solutions through Start-up requirements and incubation centers. Start-up India is a new program designed to assist individuals looking to launch their own businesses. These new companies are set up to explore concepts with ground-breaking business potential. For success, they need business and technical capabilities and must efficiently utilize resources to produce a

market-worthy product. This study aims to examine the organization of innovative abilities in new businesses

By July 2025, India had 180,683 startups recognized by the Startup India program, with nearly 21,683 startups added this year. The Department for Promotion of Industry and Internal Trade (DPIIT) reports that over 159,000 startups were recognized by early 2025, spread across 763 districts, with 49% coming from smaller cities. The total valuation of these startups is over \$354 billion, a big increase from only eight unicorns in 2015 to 118 in 2025.

In terms of employment generation According to DPIIT, startups have produced over 1.7 million direct jobs, with a notable 40% in tech. Another source mentions over 1.6 million jobs and fast job creation in the last five years. From 2016 to early 2025, startups made 1.66 million direct jobs. The startup scene jumped from 471 DPIIT-recognized startups in 2016 to 159,157 in 2025, a huge 38,000%+ rise.

NEED OF THE RESEARCH

In present world, everyone is conscious about acquiring a high-profile education towards a bright future awaiting him in career-making; in fact, even parents now are hardly been seen to have focused on anything but the latest educational path for their offspring. Talent is offered to multinational corporations because people think it's the safest and best life decision. This mindset results in 90% of Chinese products in our market, which affects our economy. The next battle will be an economic one, driven by this job safety approach.

Each Start-up needs to perform a thorough analysis of market demands. Having strong market study data and analysis can help prove your business viability. embourgering on a new enterprise can be perhaps the most exciting and yet the most frightening thing to do! There are so many day-to-day problems and chestnuts! —location, size, staffing, quality control, and so on. Then there are doubts: “Can I make this work?” “Am I prepared enough?” “Where should I start Legally binding requirements keep getting amended, and thus, you must keep yourself updated through the appropriate state agencies as listed in this Guide. As you embark on this business adventure, be sure to check with the city and county clerk. While Start-ups are highly recognized today, the majority, 70% to 90%, lie in the graveyards of failures. The number one reason for failure is innovation—they say 77% of venture capitalists that Indian Start-ups lack new technology and innovative business models. What we tend to do is simply copy the Start-up ideas, which are definitely not counted as Start-ups but rather just ordinary business models. Below is a list of Indian copies of Western Start-ups, though much more exists.

Flipkart/Snapdeal (2009) → Amazon (1994)

Ola (2010) → Uber (2009)

Zomato (2008) → Yelp (2004)

BookMyShow (2007) → Fandango (2000)

MakeMyTrip (2000) → Expedia (1996)

We must always know that every culture has its own set of problems, and thus, we must search and find solutions that are as uniquely matched as possible to the problems we encounter. Maybe in our search for new ideas and change, the answer could be global after all- this probably is the only way to build an India-borne world-class start-up that can shine on the world stage.

Start-up Failure Rate Statistics

When it comes to the small businesses that were established in 2014, a whopping 80 percent failed within the next 2 years, that is between 2014 and 2015. This disconcerting state of affairs was made worse by the revelation that, by the end of their third year in operation in 2016, an impressive 70 percent of these businesses had again fallen victim to the unforgiving nature of the market. As we proceeded into year four, 2017, the situation did not look much better with a large 62 percent of businesses unable to survive. Moreover, as we progressed into the fifth year, 2018, the failure rate was still on the decline and 56 percent of the previously hopeful small businesses were gone.

Ninety percent of startup companies fail within the first five years of when they were started. This is a ludicrously high failure percentage that is signal independent in a variety of industries, illustrating a far-reaching pattern in the entrepreneurial world. While the 90% figure is commonly cited as the failure rate benchmark, certain reports offer a more complex and shaded graduated understanding of those statistics: nearly 20% of startups fail during their first two years; almost half will collapse after five years, and 65% will close their doors within a decade. Those numbers are sobering when you consider just how many hurdles startups must overcome to achieve the sort of sustainability that can transform into long-term success in a market that gets more crowded every day.

A chance list based on odds should be used to make a business plan better before putting a lot of time, money, and work into it. It helps to check out either an ongoing business shot or a new chance. The questions aim to look at parts that need deep thought to figure out if the plan is a real shot at business.

About a quarter to a third of all registered startups in India are in Karnataka. Bengaluru has a lot of tech companies, plus more than 40 unicorns (startups valued at over \$1 billion), so it's a major tech hub worldwide. The main areas for new ideas are things like FinTech (finance tech), AI (artificial intelligence), DeepTech, Biotech (biology tech), EdTech (education tech), and SpaceTech.

The government is helping out a lot with programs like Startup Karnataka and Elevate, as well as setting up innovation centers in different districts. Even with all this good stuff, many startups don't make it past the first few years.

Startup Failure Numbers in Karnataka

How Startups are Expected to Fail Around 25% to 30% of startups fail in their first two years. Over half of them don't last more than five years. In smaller cities like Mysuru, Hubli, and Mangaluru, the failure rate is even higher, around 35% to 40%, because they don't have enough funding or mentors.

Things to Note

From 2018 to 2023, over 2,500 startups in Karnataka either closed down or changed their business completely. In 2023 alone, more than 400 startups in Karnataka were reported to have shut down because they couldn't get enough funding and their business idea didn't quite fit the market.

Startup Failures by Sector in Karnataka

EdTech (Education Tech) Failure Rate: High For Example: Startups like Udayy closed down after COVID when the demand for online learning went down. Why: Too many similar companies, trouble making money, and unclear rules. DeepTech & Hardware Failure Rate: Medium to High Reason: It takes a long time to get going, not enough funding early on, and needing the right infrastructure. B2C E-commerce (Business to Consumer) Failure Rate: High Why: It costs a lot to get customers, small profit margins, and big competition from companies like Flipkart and Amazon. HealthTech (Health Tech) Failure Rate: Low to Medium Reason: Very popular after COVID, but they can fail if they don't follow the rules or protect data well.

Why Startups Fail in Karnataka

Not Enough Funding Most of the funding is only in Bengaluru. Startups outside the city often fail because they can't find investors to get them started.

Losing Talent and Team Issues

Good tech people often go to big companies or move to other countries. Startups have a hard time building strong, experienced teams.

Business Idea Doesn't Fit the Market

Startups often start without checking if people even want what they're offering. They rely too much on investors pushing them to grow without having a solid business plan.

Running Costs

High office costs and salaries in Bengaluru make it tough for startups without much money. Problems with traffic and rising rents make things even harder.

Not Enough Support in Rural Areas

Even with government plans, startups in rural areas or smaller cities don't have as many mentors, incubators, or industry contacts.

Timeline of Failures

Year 0–1: Coming Up with the Idea & Starting About 10% fail because the product isn't ready, there are rule issues, or the team falls apart. Year 1–3: Entering the Market Another 20–25% fail because their product doesn't fit what people want, they don't make enough money, or they don't have enough customers. Year 3–5: Trouble Growing Another 15–20% fail because they can't change their plans when needed, investors leave, or they're not running things efficiently.

What the Government Does and What it's Doing

Startup Karnataka Mission Over ₹2,000 crore in funding and support to over 4,000 startups. Special programs like Elevate 100, Elevate Unnati, and Idea2PoC help new startups take fewer risks.

Innovation Centers in Districts

Set up in Mysuru, Dharwad, and Kalaburagi to spread out the startup scene. However, there aren't enough mentors and industry connections outside Bengaluru.

Government Policies

Karnataka Startup Policy (2022–27) focuses on: Women who are starting businesses
Climate-friendly tech
Helping rural areas get started
Supporting hardware and DeepTech companies
Even with these, there are still problems in smaller cities.

Ways to Fail Less

Strengthen the Startup Scene in Smaller Cities
Expand accelerator programs in smaller cities.
Connect rural incubators with mentors and investors in cities.

Support Startups from Universities

Fund and mentor startups from schools like IISc, VTU, and local engineering colleges.

Keep Talent in the Area

Offer co-working spaces, startup visas, and training programs for employees.

Get Funding from Different Places

Help local angel investors and companies that fund projects for social responsibility.
Create a state-backed fund for hardware and DeepTech companies.

Talk About Failures as Learning Experiences

Hold Failure Summits and create places where founders can share what they've learned. Accept changes in plans and encourage people to try again.

Examples of Startups That Failed in Karnataka

JustBuyLive (Retail Tech, Bengaluru) Reason: Expanded too quickly, problems with the supply chain. Mobikon (Restaurant CRM) Reason: COVID-19 impact, not enough cash. Yumist (Food Delivery) Reason: Couldn't make enough profit per order, too much competition.

What Schools and Private Organizations Do

Schools like IIM-Bangalore, IIIT-B, and NSRCEL provide incubator support. Private VCs like Accel, Kalaari, and Sequoia are in Bengaluru but need to invest more in smaller cities. Corporate accelerators (Cisco LaunchPad, Bosch DNA) provide tech and help with getting to market.

OBJECTIVES OF START-UPS

Start-ups are new, innovative companies that want to grow. They try to fix problems or needs with new ideas, tech, or ways of doing business. Making money and lasting a long time is usually the main goal, but start-ups also have other goals besides just making cash. These goals depend on what the founder wants, what the market needs, what investors expect, and what society needs. This essay looks at the main goals that guide start-ups, putting them into groups like strategic, operational, financial, social, and long-term innovation goals.

objectives of this Start-ups

Push new tech-based Start-ups that are smart and new.

Turn India into a land of "Job Makers" not "Job Lookers."

To draw money and tech investment to India.

To build a fun Start-up world by linking schools, firms, money places, and more.

1. Finding and Fixing Problems Basically, every start-up wants to spot something missing in the world and come up with a good solution, usually with tech. Focus on the customer: Start-ups try to create stuff that fixes the annoying things people deal with. Shaking up old industries: Start-ups use to try to make things faster, cheaper, or easier than what's already out there. Making sure people actually want what you're selling: Getting your product to fit what the market needs is usually the most important thing at first.

2. Making Cool Stuff Through Start-ups want to make things that are helpful, not just make money. New ways of doing business: Lots of start-ups use things like subscriptions or on-demand services to give customers a better experience. Protecting your ideas: Getting patents and copyrights can help a start-up in the long run. Making things work better: Innovation is used to cut down on problems and make things more productive.

3. Growing Quickly and Easily Start-ups want to get big fast. Going to new places: Selling in new countries or to different groups of people is a big step. Getting more customers: You need lots of users to get people to invest and trust you. Being able to change plans: Start-ups need to be able to change quickly based on what people say so they can grow the right way.

4. Money Stuff and Making a Profit Even if making money right away isn't the main thing, start-ups still need to be stable and make money eventually. Ways to make money: Figuring out how to make money that lasts. Keeping costs down: Trying to spend less by being smart and outsourcing. Not running out of money: Making sure you have enough cash to get through rough times.

5. Getting People to Invest Start-ups need money to grow and survive. Getting money early on: Raising money from investors is a big deal. Splitting up the company: Start-ups need to split up ownership in a way that works when they give stock to workers and investors. Planning your exit: Thinking about going public or getting bought out so investors can make money.

6. Creating a Good Name Having a unique and trustworthy name is important for start-ups. Being different: Standing out by using the right message, look, and customer service. Getting people involved: Start-ups try to get users to form groups and support them. Being trusted: Being open and reliable helps build trust.

7. Using Tech to Get Ahead Tech is usually a big part of what start-ups do. Turning things digital: Start-ups are turning old processes into digital ones to make things better. Making things automatic: Using AI and cloud services to do less manual work. Staying safe online: Protecting data and keeping users safe is really important.

8. Helping the World More and more start-ups care about being responsible and helping the environment. Helping society: Working on things like education and healthcare. Helping the environment: Using eco-friendly stuff and being green. Doing things the right way: Respecting workers, being inclusive, and helping the community.

9. Creating Jobs and Training People Start-ups help create jobs, especially for young and skilled people. Direct jobs: Providing jobs in tech, marketing, and other areas. Training: Teaching workers new skills through programs. Being creative: Encouraging new ideas and leadership.

10. Making Innovation Happen Start-ups often help create whole communities of innovation. Working together: Start-ups work with schools and companies to help innovation happen. Helping each other: Building communities that help future entrepreneurs. Teaming up: Working with governments and other groups to grow together.

11. Thinking Long-Term Founders usually want to build something that lasts. Being sustainable: Planning for the future so you can survive different times. Going global: Selling in other countries and being competitive worldwide. Leaving a mark: Making a difference in the world.

CHAPTER II

KEY LEGAL CHALLENGES FOR START-UPS IN INDIA

Indian Start-up s, being frontline innovations, are engaged in addressing significant technological, social, and economic challenges. Although the opportunities available to Start-up s are substantial, the legal hurdles they face are equally extensive. For new companies, navigating India's regulatory context can become hard, especially when unfamiliar with legal complexities. This article identifies the major legal problems faced by Indian Start-up s and outlines how those issues may be addressed through ministry guidelines, applicable statutes, past case laws, and check controls.

In India, the Companies Act of 2013 is the main law for setting up start-ups. It made company management, registration, and compliance easier than the older Companies Act of 1956. If a start-up wants to be a private limited company, this act tells them how to get started, run things, and what they need to do to follow the law. But there are also the Companies (Incorporation) Rules of 2014, which give even more details on how to form a company.

The Companies (Incorporation) Rules of 2014 explain things like how to reserve a company name using the RUN service, how to write and file the Memorandum of Association (MOA) and Articles of Association (AOA), how to use the SPICe+ form to get incorporated online, and how to pick the first directors. These rules also cover how to incorporate a One Person Company (OPC), how to change a company from one type to another, and how to deal with digital signature certificates (DSC) and director identification numbers (DIN).

By using the Companies Act, 2013, along with the Companies (Incorporation) Rules, 2014, India's business law setup makes sure that forming a private limited company is both legal and easy to understand. For start-ups in Karnataka and other places, knowing these laws helps them avoid delays and stay compliant from the start. Knowing the rules lets founders better deal with problems in company registration, like if a name gets

rejected, if documents are missing, or if they don't meet the basic rules for capital and director residency.

Basically, the Companies Act, 2013, says what you need to do to incorporate legally, and the Companies (Incorporation) Rules, 2014, show you how to do it, with step-by-step advice that connects the law with getting things done. When looking at the challenges of start-up incorporation, it helps to consider both for a full view of what entrepreneurs in India need to know.

The Karnataka Startup Policy of 2015 really shapes the legal and process landscape for start-ups here. Think of it as a guide that wants to put Karnataka on the map as a top start-up spot, and it goes hand in hand with the rules in the Companies Act, 2013, and the related Incorporation Rules of 2014.

Some parts of the policy are worth noting when we talk about the problems this research looks at:

Clause 4.1 – Single Window Clearance: The idea is that start-ups can get all their approvals in one spot. But, some founders in Bengaluru have said that things get held up because different departments don't communicate well, which defeats the purpose.

Clause 5.3 – Regulatory Support: The policy promises to make following the rules easier for start-ups, like quicker registration and self-certification for some state labor rules. It sounds good, but sometimes there are issues when state efforts meet central law rules, especially for those registering as private limited companies under the Companies Act, 2013.

Clause 6.2 – Financial Incentives: The policy says it will pay back patent costs and help with marketing. This does lighten the load after registering, but getting these perks means going through a lot of steps, which some start-ups find hard when they are just starting.

Clause 7.1 – Incubation Support: The government planned to have 200 start-up incubators by 2020. Karnataka has come a long way on this, especially in Bengaluru.

Tier-2 cities, like Mysuru and Hubballi, have not gotten as much help, so it's not equal across the state.

Other states, like Maharashtra and Telangana, also have start-up policies with similar single-window help. But, Karnataka's policy stands out because it really focuses on specific areas of innovation (like IT, BT, AVGC), which shows what the state is good at.

Citation: Government of Karnataka, Department of IT, BT, and S&T. (2015). Karnataka Startup Policy 2015-2020. Notification No. ITD 07 PRM 2015, dated 16 November 2015. Bengaluru: Government of Karnataka.

In Karnataka, mainly in Bengaluru, the Startup Karnataka cell and Karnataka Udyog Mitra help business owners with central and state rules. Some states don't have as much help. For example, Maharashtra has a good start-up scene but uses private incubators for guidance. Kerala has the Kerala Startup Mission, which is like Karnataka's model in giving hands-on help and policy-based funding. Tamil Nadu has start-up policies, but legal help is spread out, so founders often need private legal advisors to understand the central and state rules. Karnataka combines the Companies Act, 2013, and the Companies (Incorporation) Rules, 2014, with support at the state level. This helps to lower problems with name approval, paperwork, and regulatory filings. Central laws make the incorporation process the same across India, but the amount of state support and guidance changes. This makes Karnataka one of the easier states for entrepreneurs to deal with legal steps. In short, the Act says what the incorporation law is, the Rules say how to do it, and state support says how easy it is. This legal and administrative setup means that while central laws are the same, how easy it is to start a business often depends on how ready the state is to guide founders.

1. Incorporation and Business Structure

When you're starting a business, one of the first legal things to figure out is what kind of business structure you want. It's pretty important for setting things up right. You could go with being a sole proprietor, a partnership, an LLP, or a private limited

company. Everyone has its own rules about legal stuff, who's responsible for what, and how taxes work. The Companies Act of 2013 governs firms, while the Limited Liability Partnership Act of 2008 applies to LLPs. Start-up s often have several options when choosing a structure. Often, poor choices can lead to problems with compliance, liability, and taxes. For example, a sole proprietorship exposes the owner to unlimited liability, which can be damaging if bankruptcy happens. Considering the business model, growth strategy, and liability needs can help reduce these risks. Legal and financial advice is crucial for picking the right setup. The Ministry of Corporate Affairs also offers an e-portal to make company registration easier.

2. Licensing and permit issues

Start-up s may need various licenses or permits depending on their operations. Not knowing the law can get you fined or even charged with a crime. registration and approvals of licence vary by business, so founders must understand relevant local regulations before beginning operations. Obtaining licenses from government agencies may not be a quick or simple process and often involves significant cost and time. Among the necessary licenses are GST registration, import/export code, FSSAI license, Udyog Aadhaar, and others. Businesses dealing with regulated products—such as alcohol, electricity, firearms, narcotics, human organs, or certain crops—must secure valid licenses from the relevant authority. Failing to do so may attract criminal charges, imprisonment, or severe penalties.

- GST Registration – For businesses with turnover exceeding ₹40 lakhs or operating in e-commerce, GST registration is mandatory. Folks like regular taxpayers and taxpayers who don't live here, reverse charge mechanism users, and e-commerce aggregators must register.
- Other Licenses – Acquiring necessary permits such as safety registration and fire licenses helps avoid legal issues. These registrations allow access to government schemes like MSME registration, providing benefits including tax exemptions and loan facilities. The Start-up India registration portal should be used for registering new ventures.

3. Compliance with Regulations

Post incorporation, Start-up s face multiple legal and regulatory obligations that must be followed. These include:

- Filing annual returns with ROC
- Adhering to the Minimum Wages Act, 1948
- Compliance with GST, IT Act 1961, and TDS provisions

In *Tata Chemicals Ltd. v. Commissioner of Central Excise* – Central Excise Tribunal (Delhi), 2003

The court said you have to follow tax laws, and if you don't know them, you'll get fined and punished according to applicable laws. The appellant argued that actions by one assessee do not exempt Customs Authorities from compliance and that illegality cannot be legitimized by a third party. Start-ups usually lack the resources and expertise to ensure compliance, being small in scale. One way to deal with this is to use legal tech and give compliance jobs to specialized companies. The Start-up India initiative has released a handbook dedicated to regulatory compliance for Start-ups.

4. Intellectual Property Rights (IPR)

A critical priority for Start-ups is safeguarding innovation through IP protection. IP includes copyrights, trademarks, patents, and designs—but securing rights involves high costs and a long process. India's intellectual property rights are managed by the Trade Marks Act of 1999, the Patents Act of 1970, and the Copyright Act of 1957. Patents are super important. Courts stressed the necessity of patent protection to secure technological innovation. Many Start-ups lack IPR protection either due to high costs or limited awareness, leaving them vulnerable to infringement. Therefore, registering trademarks, patents, and copyrights early in the Start-up lifecycle is essential. Government support exists in the method of the Start-up Intellectual Property Protection (SIPP) Scheme, which offers low-cost legal aid. The National IPR Policy helps raise IP awareness and promotes fast patent processing. Because Start-ups frequently concern that their ideas may be copied, securing IP rights early becomes a necessity.

The second point is that the start-up must ensure the product or service they plan to offer is not already patented. This helps keep you out of trouble with things like trademarks or other people's ideas, so you don't waste a ton of money on your business.

Protection of I P rights may vary for each start-up. Start-ups should safeguard the following

IP Rights:

- Trademarks/Service marks - Brand names and logos.
- Copyrights – Registrations
- Patents -Inventions
- Confidentiality Agreements/ Confidential business information.

5. Fundraising and Investment Regulations

introducing initial investment is super important for any startup that wants to grow. However, whether receiving foreign or domestic investments, Indian start-ups face complex legal procedures in securing financial resources. Adding to the difficulty is the need for familiarity with securities laws, FDI regulations, and private equity rules. The relevant law for capital market fundraising is SEBI Act, 1992. Alongside this, FEMA, 1999 provides rules and guidelines for foreign direct investment into India. Tax disputes related to foreign investments and earnings frequently reach the courts, often because of non-compliance with FDI guidelines or SEBI norms—resulting in penalties, which can mean fines, interruption in supply of funding, and punishment of fine or jail. Even more start-ups not aware of sectoral limits and specific sectoral rules. Any start-up seeking foreign investment should consult legal experts on FDI policies and FEMA norms. SEBI and Reserve bank of India (RBI) have issued several circulars and instructions for investment compliance. Start-up India platforms also assist start-ups in acquiring investments.

6. Data Protection and Privacy

With data-centric start-ups increasing, ensuring proper data security and legal compliance becomes even more critical. India's legal framework for this will evolve with the Digital Personal Data Protection Act, 2023. In addition to this Act, data protection is also governed by the Information Technology (IT) Act, 2000. Start-ups managing sensitive any personal data must fulfil with strict rules under the DPDP Act,

including provisions on data localization, consent requirements, and breach notifications. regulations on data handling have become more stringent. Start-ups are expected to maintain strong data protection policies and follow Data Protection and Privacy and Information Technology Act 2000, guidelines. Make sure data practices are checked often. Also, anyone who works with data needs to learn about data privacy rules. Institutions like MeitY issue guidance and advisories related to data protection

7. Labour Laws and Contracts with Employee

When you hire people, you've got to follow all the labor laws. Start-ups need to know about things like the Industrial Disputes Act of '47, the Gratuity Act of '72, and the Employee Provident Fund rules from '52. Understanding and implementing these laws while drafting employee agreements is difficult; ignoring them may lead to penalties and legal disputes. Legal consultation is necessary to frame balanced employee contracts with details on termination, non-compete clauses, confidentiality, and dispute resolution mechanisms. Registering under relevant labour regulations ensures full compliance.

8. Contractual and Dispute Resolution Issues

Many start-ups form partnerships with vendors, clients, or collaborators without formal contracts. This often causes disputes that result in lengthy, expensive litigation. Contracts are governed by the Contract Act of 1872, and if disagreements come up, they're usually sorted out through the Arbitration and Conciliation Act of 1996. Courts have been pushing for arbitration as a way to help clear up their overflowing case loads. Despite this, many neglect the need for a written contract with arbitration clauses during conflict resolution. Start-ups should formalize all transactions through well-drafted contracts that include mediation or arbitration clauses for swift and economical dispute settlement. Online arbitration stages are also available for quicker resolutions.

9. Taxation Issues

Start-ups frequently overlook the various tax exemptions and benefits available under schemes like Start-up India. With these benefits, complex tax burdens including GST, income tax, and other indirect taxes. The applicable laws—Income Tax Act, 1961, and GST Act—govern these financial obligations. Failure to pay taxes results in penalties, while neglecting exemptions leads to unnecessary costs. Consulting tax professionals allows start-ups to utilize relief schemes more effectively. For instance, Section 80-IAC of the Income Tax Act gives tax breaks to start-ups. Start-ups may also advantage from using automated accounting software to comply with GST and income tax regulations.

10. Marketing

Advertising and promotion are vital for any start-up or enterprise. However, misleading statements, offensive or unlawful advertisements can result in harsh criminal penalties, damaging the company's image and trust—especially critical for new ventures. Some examples of banned advertising include:

The Tobacco Prohibition Act restricts all types of tobacco-related advertising in any medium.

The 2006 Food Safety and Standards Act disallows infant formula advertising to support breastfeeding.

The Indian Medical Council Rules (2002) prohibit self-promotion by doctors.

Lawyers in India can't advertise, says the Bar Council.

Alcohol advertisement is barred under the Cable Television Network Rules (1994).

11. Zonal Laws Regarding Infrastructure

Another major task for Indian start-ups is acquiring land for setting up offices, warehouses, service units, or manufacturing centres. Start-ups should know the municipal laws about using farmland, education institution premises, and healthcare premises for business

Land ownership in Indian territorial area lies with the local governments that is state government or union territory governments, Plus, each state has its own set of rules and regulation for land area. Start-ups need to be well-informed about area regulations, with in the limit of usage of land in specific regions. For example, if an area is classified as residential, a local municipal authority may pass an ordinance that restricts the use of land or property for commercial or industrial purposes. Zoning authorities divide land usage in several categories: homes, businesses, factories, places like schools and hospitals, power and water stuff, parks and rec, roads and transit, and farms.. Zoning regulations also govern the height, positioning, and design of buildings where commercial activities are conducted.

The purpose of zoning laws is to establish a clear separation between business and residential zones. If someone wants to operate a business from their residence, they may need approval nearby municipality, the zoning planning authority, and land owners in case they are tenants. When a residential property is used commercially, property taxes change accordingly. Taxes for commercial use are advanced than those for residential use.

Most startups worry about their ideas getting copied, so it's super important to protect your intellectual property ASAP. It is also essential for a start-up to verify that its product or offering does not already have existing protection. The way, they can side-step problems like trademark disputes or further Intellectual property conflicts after capitalising important capital. Intellectual property needs vary from one start-up to another. The following intellectual property types must be protected:

- Trademarks/Service marks - Brand names and logos.
- Copyrights – Registrations
- Patents -Inventions
- Confidentiality Agreements/ Confidential business information.

What's the Indian government up to?

The Indian government kicked off the Start-up India thing. Prime Minister Narendra Modi talked about it back on August 15, 2015, during a speech. This initiative is centred

around three pillars: simplification, handholding, and collaboration, along with support and incentives. One critical feature is the removal of restrictive regulations imposed by state governments, like dealing with old licensing rules, land permits, getting foreign direct investment approved, and getting environmental approval. DPI & IT put the plan together. Here are some things the Indian government is doing to aid start-ups

1. A 10,000 crore Start-up capital pool has been created.
2. Patent filing fees will decrease.
3. The bankruptcy rules changed, so now there's a 90-day out.
4. You don't need inspections for the 1st 3 years either.
5. No capital gains tax for the 1st 3 years either.
6. Actually, no taxes at all for the 1st 3 years either.
7. Just say you're following the rules yourself – self-certification.
8. Under Atal Innovation Mission, innovation cluster was set up.
9. They are planning to reach 500,000 schools and get a million kids involved in modernization plans.
10. Novel methods for the intellectual property of fledgling firms to be protected.

DSTMHRD have agreed to implement more than seventy Start-ups backing centres across institutions like IIITs, IISERs, NITs, and NIPERs. RBI has committed to improving nations “ease of doing business” nurturing atmosphere conducive minor business development. Both state and central governments are actively working to stimulate growth and build an entrepreneurial culture nationwide.

Government legislation is supporting entrepreneurs through infrastructure expansion, Coworking spots, startup hubs, launchpads, and ways to get your product out there. The Union Ministry of Human Resource Development plans to establish Research and Development Parks in partnership along with academic organisations under the Start-ups Bharat theme “Industry-Academia Partnership and Incubation.” The program

received an initial investment of ₹100 crore, aiming to give students access to funding and business mentorship.

In Feb 2016, the Dept. of Tele-communications, along with TCOE (Telecom Centers of Excellence), EVC Ventures, and Unified, kicked off I-MADE (The Innovation in Mobile App Development Ecosystem) program. The goal? to give Indian entrepreneurs a boost in starting mobile app companies. This package is planned to last 5 years and will involve eleven Indian universities.

The Futuristic View

So, back in the second week of April 2021, India got six new unicorns—that's companies worth over a billion bucks. That's pretty wild when you think about it since India only had seven new unicorns back in 2020, and six the year before. And all this happened even with COVID hitting the country hard. diminishing demand, & disrupting supply chains. However, not all sectors thrived; nine out of ten start-ups experienced declining revenues, according to a survey conducted by NASSCOM in April. The report highlighted investors' hesitance amid the pandemic. Many Indian start-ups saw their growth curtailed due to fluctuating market demand.

In 2020, India was the third biggest place in the world for startups, following the The US spent \$143 billion and China spent \$83 billion,with a total market valuation of US\$11.8 billion.

Despite the newly introduced FDI regulations designed to prevent opportunistic takeovers by Chinese investors India is still a hot spot for startups, drawing in big-name venture capital companies such as SoftBank, Naspers, and Tiger Global.Chinese investment plays a notable role, with 18 out of India's 30 unicorns backed by Chinese funds. With current FDI policy, such investments now require government approval.

The pandemic accelerated India's shift toward digital platforms. Joint Venture capital firms are aiming on tech start-ups and founders in segments such as stuff people buy all the time, like groceries online and things to watch. India's newest unicorns come from all sorts of IT fields, like FinTech, online insurance, Health Tech, even social e-commerce

The government can keep things moving in these areas by setting up digital and money-related groundwork and fixing social and economic inequalities. The Start-up India initiative, launched in 2016, deserves recognition for creating an enabling environment. Its mission is to seed and grow a creative, business ecosystem that drives economic progress and creates extensive employment openings.

CHAPTER III

GOVERNMENT APPROVED LOAN FOR BUSINESS START-UP S IN INDIA

1. The Credit Guarantee Scheme

Indian government started a credit guarantee program for small businesses to give them credit without needing security. This program covers both new and existing small businesses. It helps these businesses and new entrepreneurs get loans at good interest rates. How much you can borrow depends on your eligibility and how well your business idea works. The most you can borrow is Rs 100 lakhs. This program also helps struggling businesses get back on their feet.

The Indian government is working with the Small Industries Development Bank of India to run this CGS program. It gives unsecured loans to small businesses. Usually, people borrow up to Rs one hundred Lakhs as term loans or asset loans. Small businesses involved in manufacturing or service activities can get these loans, but not educational institutions, agriculture, self-help groups, or training centers.

Getting loans from big institutions is still tough for many new businesses and small to medium-sized companies, especially when they're just starting out. Regular lenders are often unsure about giving loans because they think it's too risky, and these businesses usually don't have anything to offer as security. To help out, the Indian government started the Credit Guarantee Scheme (CGS). This plan encourages banks and other financial places to give loans to these businesses without needing extra guarantees or security.

What the Credit Guarantee Scheme Does

The Credit Guarantee Scheme aims to:

- * Help MSMEs and startups get loans without needing security.
- * Get more loans to business owners who don't usually have access.
- * Help people start businesses and create jobs.
- * Lower the risk for banks and other lenders.

What You Need to Know About the Scheme

- * Who Runs It: The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) handles the scheme. It was set up by SIDBI and the Indian government in 2000.
- * Who Can Apply: New and existing MSMEs, including startups, that make or provide things can use the scheme

Loan Details:

- * You can get loans for up to ₹2 crore (the amount was recently raised in some situations).
- * You don't need to provide security or a third-party guarantee.
- * The scheme covers 75% to 85% of the loan amount (up to 85% for women, people from SC/ST communities, and businesses in the North-East).

Types of Loans:

Loans with set repayment schedules

- * Money for day-to-day expenses
- * Loans with some security
- * How Long the Guarantee Lasts: The cover is good for up to 5 years, or the length of the loan, whichever is shorter.

Why This Scheme Is Helpful

For Start-ups and MSMEs:

- * It's easier to get money without security.
- * It encourages new business owners to try their ideas.
- * It cuts down on borrowing from informal sources.
- * It helps businesses grow and create more jobs.

For Lenders:

- * It lowers the risk of losing money on loans.
- * It encourages lending to people who haven't had chances before.

What's New

- * The Emergency Credit Line Guarantee Scheme (ECLGS) started during the COVID-19 situation to give more money to MSMEs that were hurting.
- * As part of the Atmanirbhar Bharat Abhiyan, the scheme now includes struggling MSMEs and startups, offering more flexible loan options.
- * The Startup India Seed Fund Scheme (SISFS) and Fund of Funds for Startups (FFS) work with the CGS to provide money at different points in a startup's development.

Things That Could Be Better

The Credit Guarantee Scheme has problems:

- * People don't know enough about it: Many business owners don't know about the scheme or how to apply.
- * Banks hesitate: Some banks are still worried about lending to risky startups, even with the guarantee.
- * Things take time: Paperwork and official steps can slow down loan approvals.
- * Not enough help for big startups: The scheme may not fully support startups that need a lot of money.

Why It Matters?

As of 2024, the CGTMSE has approved guarantees worth over ₹3 lakh crore, helping more than 50 lakh MSMEs. In Karnataka, which has many startups, the Credit Guarantee Scheme has helped early-stage businesses grow, especially in cities like Mysuru and Mangaluru. It has been useful for startups run by women, green-tech projects, and new businesses in rural parts.

2. MUDRA Loan Scheme

The MUDRA Loan Scheme, started in 2015 as part of the Pradhan Mantri MUDRA Yojana (PMMY), is all about giving money to tiny businesses in India. These small businesses are super important to our economy, but they usually have a tough time getting loans from banks. MUDRA helps by giving loans without needing any security, which helps out business owners, especially those who aren't big companies or farms.

This plan is a key part of getting everyone in India access to financial help. It's really important for people who often get left out, like women, entrepreneurs from SC/ST communities, and craftspeople in the countryside.

Mudra's goal is to give enough money to small businesses and non-corporate small sectors. The government knows there isn't enough money so small and medium-sized businesses can grow here. It is broken down into three parts, looking at how far along the small business is and what they need money for. The three stages are: With a MUDRA loan, you can take out the amount you need. These loans don't need any security. MUDRA was set up by the Indian government to give cash to small, non-corporate businesses so they can grow. MUDRA loans are for ventures that make money but aren't related to farming.

The MUDRA Scheme aims to:

- * Help people start their own small businesses by giving them easy-to-get loans.
- * Make sure everyone has a chance to grow financially, especially women, minorities, and people in rural areas who often don't have access to financial services.
- * Create jobs and help people become self-employed in different fields.
- * Bring small businesses into the formal banking system.

MUDRA loans are divided into groups,

depending on how far along your business is:

Shishu (Up to ₹50,000 Loan): This is for new businesses or really small shops just getting off the ground. The paperwork is easy, and things move fast. Lots of street sellers, craftspeople, and people starting their first business use this.

Kishor (₹50,001 to ₹5 lakh Loan): This one's for businesses that are up and running but want to grow. You'll need to provide a bit more paperwork than with Shishu. It's good for things like getting better machines, buying more stuff to sell, or renting a bigger space.

Tarun (₹5 lakh to ₹10 lakh Loan): This is for businesses that are already doing well and want to get even bigger. They'll check your credit a bit more closely. It lets you make more products or try new things.

Key Features

Loans Without Collateral:

You don't need to provide any security or get someone to guarantee the loan.

Interest Rates That Are Easy on Your Wallet:

Banks and NBFCs set the rates based on the rules from RBI.

No Extra Fees:

Shishu and Kishor loans don't come with processing fees.

Flexible Repayment Time:

usually have 3 to 5 years to pay back the loan, and you might get a break from payments at the start.

Easy to Get:

anyone can apply through banks, MFIs, NBFCs, and online.

Who Can Apply

Any Indian citizen between 18 and 65 who earns money from a non-farming business.

* This includes small factories, service businesses, food sellers, craftspeople, etc.

* Startups with a solid plan and basic documents can also apply.

What It's Done So Far

As of March 2024, more than ₹25 lakh crore in loans have been given to over 45 crore people since the program started. * More than 68% of the people who got the loans are women. * The program has really helped people from SC/ST and OBC groups, giving them a fairer chance in the economy. * MUDRA loans have helped small businesses grow in villages and towns, encouraging people to start their own businesses.

How It Helps Karnataka

Karnataka has a great environment for businesses, and it's made good use of the MUDRA scheme:

- * Over ₹85,000 crore has been given to over 6 million small businesses in the state.
- * Lots of people in farming-related businesses, small factories, textiles, and retail are taking out loans.
- * Women's self-help groups and young people in villages are borrowing a lot in areas like Belagavi, Mysuru, and Tumakuru.
- * The state is working with programs like Karnataka Udyog Mitra and District Industrial Centers to spread the word about the loans.

What Could Be Better

Money Misuse:

Sometimes, people spend the loan on things other than their business because they don't know much about managing money.

Loans Not Being Paid Back:

More people are failing to repay some loans, especially Tarun loans, which makes lenders worried.

Not Enough Support:

People starting a business for the first time don't get much help after they get the loan.

People Don't Know About It:

Many people in tribal and remote areas don't even know the program exists.

3. Stand Up India Scheme

The Stand-Up India program, which started on April 5, 2016, is a key project from the Indian government to encourage business among Scheduled Castes (SCs), Scheduled Tribes (STs), and women. It acknowledges that these groups often have trouble getting loans and business chances. The program tries to help by making it easier to get bank loans from ₹10 lakh to ₹1 crore to start new businesses. Stand-Up India helps connect these underserved groups with the world of business by focusing on including them and helping them become self-employed. It supports the goals of bringing financial services to more people and giving them the tools to succeed financially.

The Stand-Up India Scheme helps by giving loans between 10 lakhs and 1 crore rupees. This is for at least one borrower from the Scheduled Caste (SC) or Scheduled Tribe (ST) to start a new project. The business can be in making things, providing services, or trading. These loans are sanctioned to at least one female recipient in each financial institution department. Standup India scheme is proposed to increase female starting businesses in SC and ST

Stand Up India is a special government program to help women and those from the SC/ST communities in the state start their own businesses. It's all about cutting through red tape and helping people launch brand-new businesses. The program offers loans between Rs 10 Lakhs and Rs 1 Crore to start a business in manufacturing, trading, or services. You get 7 years to pay it back. Banks have to give these loans to at least one woman and one person from the SC/ST category per branch.

What the Stand-Up India Scheme Aims To Do

- * Help SC/ST and women start new businesses.
- * Give bank loans to people who usually don't get them.
- * Create jobs by helping people start their own small businesses.
- * Support people who are starting a business for the first time by giving them advice and easier access to loans.

Main Points:

Loans from ₹10 lakh to ₹1 crore for each person.

Who Can Apply:

- * SC/ST and/or women business owners over 18 age.
- * The loan must be for a brand-new business in manufacturing, services, agriculture, or trading.
- * You can't already be behind on payments for any other loans from a bank.

What the Loan is Like:

- * It's a mix of a term loan and money for daily operations.
- * It covers up to 75% of what your project costs.
- * Paying it Back:
 - * up to 7 years to pay it back, and you might get up to 18 months before you need to start paying.

Security:

might be able to secure it under the Credit Guarantee Fund Scheme (CGFSIL).

Extra Help:

Help is available for making project reports, getting training, and connecting with markets through Stand-Up India centers.

How it Works:

Each district has a lead bank that puts everything into action.

SIDBI is in charge overall and provides the online portal, www.standupmitra.in.

Need any help? Stand-Up Connect Centers can help you sign up, apply for loans, and give advice.

How It's Doing

So far in 2024:

About ₹42,000 crore has been approved for almost 2 lakh borrowers since the program started. Over 81% of the people getting these loans are women starting their own businesses. A lot of loans are going to people in smaller towns and rural areas. The program is helping businesses in areas like food, clothing, stores, deliveries, farming, and handmade goods.

In Karnataka, the Stand-Up India program is doing really well: Around 8,000 entrepreneurs from disadvantaged groups have gotten help. Agribusinesses, small shops in the country, and traditional crafts are really taking off. Areas such as Mysuru, Belagavi, and Kalaburagi have a good number of women from SC/ST communities involved.

Problems Faced

*Not Enough People Know:

Lots of people who could benefit, especially in the countryside, don't even know this program exists.

*Tough Paperwork:

Things like needing certain credit scores or business papers can stop people from applying.

*Banks are Scared:

Banks don't always want to give big loans to people starting their first business.

*Need Something to Borrow Against:

Even with programs that promise to pay back the bank if the borrower can't, banks still want something as security because they think it's risky.

*Not Much Help Afterward:

Getting advice and support after getting the money is hit or miss, depending where you are.

4. Bank Credit Facilitation Scheme

The National Small Industries Corporation can help finance MSMEs that can be registered in India. They've teamed up with many banks, both public and private, to arrange free credit help for MSMEs. The loan repayment period depends on how much income is earned, usually lasting from five to seven years, but it can be extended up to eleven years in some situations.

The Bank Credit help Scheme (BCFS) is a plan by the National Small Industries Corporation (NSIC) to help small and medium businesses in India get loans from banks. Since these businesses often struggle to get credit when they need it, this plan is really important. It makes it easier for them to get bank loans. BCFS helps in every step. They connect businesses with banks and help them get their paperwork and reports ready. This makes these small businesses stronger financially, letting them grow and keep running.

Goals of BCFS

To help small businesses get loans from banks without a lot of red tape.

To teach small businesses about money so they understand how banks work and what they need to get a loan.

To help small businesses talk to banks so they have a better chance of getting loans approved.

To guide businesses in creating strong loan proposals, boosting their approval odds.

Important Points

Run by: National Small Industries Corporation (NSIC), which is part of the Ministry of MSME.

- * Who it's for: Both current and new small businesses that are registered.
- * Banks involved: NSIC works with more than 40 banks, such as SBI, Canara Bank, HDFC, PNB, and ICICI Bank.

Types of loans:

- * Term loans
- * Working capital loans
- * Equipment loans
- * Bill discounts

Help offered:

- * Help with paperwork
- * Working with banks
- * Creating project reports
- * Following up on loan payments
- * Doesn't lend directly:

NSIC helps you get loans through its partner banks instead of giving the loans themselves.

How it works:

Apply: Small businesses can apply for a loan through NSIC, either online or by filling out a paper form. They'll state how much money they need.

Get Advice: NSIC experts will advise the small business on what kind of loan is best for them and what paperwork they'll need.

Prep the Paperwork: NSIC helps the small business put together the necessary reports and financial forecasts.

Find a Bank: NSIC then sends the proposal to a bank that's a good fit for the small business's needs.

Keep Things Moving: NSIC keeps in touch with the bank to make sure things are moving along and helps the small business answer any questions the bank might have.

Get the Loan: Once the bank approves the loan, they'll send the money directly to the small business.

Benefits of the Scheme

Easy Credit Access:

It makes getting loans simpler and faster for small businesses by cutting down on paperwork.

Better Loan Approval Chances:

NSIC's backing helps small businesses look like reliable borrowers, so banks are more likely to say yes.

Lots of Bank Options:

With over 40 banks participating, you can find terms and options that works for you.

Help for New Borrowers:

It's great for tiny businesses that don't know much about banks and loans.

Free Help:

NSIC gives this help to small businesses without charging anything.

How things are going:

Across India, a lot of small businesses are seeing good results. Karnataka, especially in places like Peenya (Bengaluru), Belagavi, and Mysuru, has a ton of small to medium sized businesses and is using the scheme quite a bit. The plan has helped the growth of factories, food companies, textile mills, and car part makers. Plus, it's been helpful in dealing with money problems that came up after COVID-19.

Problems and What's Holding Things Back

Banks Holding Back: Even with help, some banks are still careful about lending to small businesses that don't have much to offer as security.

Tough Paperwork: Small businesses still have a hard time with things like financial records and tax filings, even when they get assistance.

Not Enough Info: A lot of small businesses, especially in the countryside, don't know that NSIC can help them. **Slow Approvals:** It can still take a long time to get money because banks can be slow with their paperwork.

5. Coir Udyami Yojana

The Coir Udyami Yojana, previously known as REMOT, helps people start and update businesses that make coir fiber and products. It's run by the Coir Board and was started by the Ministry of MSME. The plan focuses on very small and small businesses that make coir yarn and other items. The goal is to help rural economies and improve people's lives in areas where coconuts are grown.

This setup aims to create coir units all over India. We're approving funds up to Rs 10 Lakh, plus some money to get things rolling for unmarried people. approved amount financed ought to now not be extra than 25% of challenge value. The capital spending is funded by a running capital in cash credit score (short time period cash mortgage) and time period mortgage. Interest charge might be equal to basic fixed value. Person has seven years to pay back your mortgage with this plan.

Objectives of the Scheme

1. This will help coir workers do their jobs better and make more money.
2. We can also find more ways to use coconut husks to make fiber and other things.
3. This creates jobs in the countryside, especially for women, and young people.
4. We'll give people training, connect them with suppliers and customers, and help them sell what they make.

Structure & Financial Assistance

Project costs can't go over ₹10 lakh. This doesn't include working capital. You can get loans for working capital, but they can't be more than 25% of the project cost.

Funding Pattern

The government will cover 40% of the project expenses.

A bank loan will take care of 55%.

The person or group benefiting will pay 5%.

For working capital, we're only using loans, which don't get any help from the subsidy.

Loan Details

No need to put up anything as collateral; these loans are covered by the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE).

You have up to seven years to pay it back, and you might be able to put off payments for a little while.

Interest rates are what banks usually charge depending on the Reserve Bank of India (RBI) base rate.

Eligibility & Coverage

Individuals (one person per family), NGOs, SHGs, registered societies, cooperative or joint liability groups, and charitable trusts. (Sponsored by the Indian government)

Projects have to use coir fiber, yarn, or coir products. If you've gotten money from similar programs before, not eligible

Women, people from Scheduled Castes/Tribes, those in Northeast states, Andaman & Nicobar, and Lakshadweep will be considered first.

Application & Implementation Process

Coir Board offices, District Industrial Centres (DICs), coir project offices, or certain Panchayati Raj groups. You can also apply online through the Coir Board website.

What you need to do:

1. Get and fill out the application form.
2. Turn it in with these documents:
 - * Proof you've worked in the coir industry before
 - * Your EDP training certificate
 - * Estimates for how much your project will cost and invoices for machinery
 - * Your property/title deed, industrial establishment certificate, and a plan approved by a chartered engineer

What happens next:

Application committees review applications. If you're selected, you'll need to deposit 5% of the funds. After that, the bank will give out a 55% loan. The Coir Board provides a 40% subsidy through the bank.

Key Benefits

Get up to 95% of your project costs covered by subsidies and bank loans. No need for collateral, making it easier to get started.

Helps you upgrade your business, use new tech, and offer different products.

Gives women and other underserved business owners in rural areas a leg up, which helps everyone.

Supports green practices and job training in the coir industry.

Challenges and Limitations

1. CUY doesn't offer skills training itself, but EDP certification is a must.
2. It's tough to get the word out in far-off areas, which slows down how many people use the program.
3. The paperwork and project reports can be a real pain, especially if you're just starting out.
4. Even with CGTMSE coverage, banks might still be nervous about lending because they see rural businesses as risky.

Relevance for Karnataka

Karnataka, with its coir businesses in places like Udupi and Dakshina Kannada, can use CUY to:

1. Help local companies make more coir stuff like mats, ropes, and fabrics for construction
2. Give aid to self-help groups, women business owners, and artists from SC/ST communities.
3. Create more jobs in the countryside and lessen the need for people to move away by keeping coir production in local areas.
4. Local groups like DICs and regional coir board offices in Karnataka can help spread CUY and make it more useful.

6. Market Development Support Scheme for MSMEs:

The Marketing Development Assistance program helps small and medium-sized businesses grow. It does this by letting them show off their companies at international trade shows and exhibitions in the MSME India section. This scheme changed into

proposed to exhibit the capacity in addition to boom the small as well as medium manufacturing gadgets.

Goals or Objective:

5. Help small businesses reach new customers in their own country and other countries.
6. Help them join trade shows and meetings between buyers and sellers.
7. Encourage good quality habits like barcoding so they can meet export rules.
8. Make their connection to the market stronger when the government buys from them.

Eligibility & Application

MSMEs need to be registered with Udyam or Udyog Aadhaar.

Individual manufacturing or service businesses, industry groups, and export promotion organizations.

Implementation Mechanism

The folks at MSME-DIs or NSIC have selection groups that decide who qualifies and gets approved.

Usually, the money is given out in parts. You get 50% upfront. Then, you get the rest back after turning in your spending proof. But, if you're an industry group that fits Category B, you get paid back after the event is over.

Help small and medium-sized businesses grow by giving them chances to show their stuff at fairs and build relationships with vendors and customers. It pushes for better quality through practices like barcoding and better packaging. It also helps entrepreneurs from disadvantaged groups (women, SC/ST, NE region) by giving them extra support.

7. National Bank for Agriculture and Rural Development:

NABARD was set up on July 12, 1982, through an Act of Parliament. It happened when the agricultural credit parts of the Reserve Bank of India and the Agricultural Refinance and Development Corporation (ARDC) were combined. Because it's a development bank owned by the government, NABARD is super important for helping agriculture and rural growth all over India.

Objectives & Vision

Vision: To be the go-to development bank in the country for helping rural areas do well.

Mission: To help agriculture and rural areas grow in a way that lasts and is fair to everyone. We'll do this by offering money, advice, new tech, and strong organizations.

Organizational Structure

NABARD has a Board of Directors. The RBI Governor is the head, and there are people from the central and state governments, plus financial groups, on the board.

To get to people in local areas and carry out plans, there are 31 regional offices and 600 district offices. There are departments for things like farm loans, community growth, banking for the poor, small loans, research, etc.

Development is a development

Financial institution with the goal of extending and supervising credit and different centers that assists to promote and increase NABARD helps rural areas grow by supporting small businesses, handicrafts, village industries, and farming. It does this by helping banks that lend to these sectors through review, monitoring, and studying their performance

Major NABARD Schemes and Interventions

SHG-Bank Linkage Program:

This is India's biggest microfinance thing. By 2006, more than 33 million people in 2.2 million self-help groups were getting bank loans. It mostly helped women get more power.

Financing for Credit Infrastructure:

NABARD offer loans for food parks, cold storage, warehouses, and market infrastructure. This helps cut down on post-harvest losses and makes rural marketing better

Joint Liability Groups (JLGs):

Since 2014, NABARD has been promoting Joint Liability Groups (JLGs). These groups let small farmers get loans without needing to offer anything as security. This is really important for farmers who don't have easy access to credit.

The Rural Infrastructure Development Fund (RIDF):

Helps with rural roads and farm stuff. The Micro Irrigation Fund (MIF) pushes for drip irrigation and ways to save water when farming.

How to get loan from government?

People who take out the loan want the paper paintings mentioned. They also need to submit the files required to get these loans. The Startup Loan programs are backed by the government, and some don't require collateral. Here are some of the files you'll need:

1. Personal history:

Past criminal activities may disqualify you nor delay your loan sanction.

2. Resume or business history:

Question will be asked for details about the business/how it runs and what experience the applicant has in growing a business.

3. Business plan:

The loan application should have a good business plan that shows your structure and idea.

4. Personal and business tax returns:

People applying should give their personal & income tax returns for the past three years.

5. Financial statement:

Aspirant needs to provide the profit & loss statements, bank pass book statements, Balance Sheets, and Cash flow (out flow and inflow) forecasting statements.

6. Legal documents:

Aspirant needs to provide evidence that the business operation is operated or running legally.

7. Collateral (if needed):

Collateral will enhance aspirant outline and could help you in securing a larger sum of loan.

REVIEW OF THE LITERATURE

A Start-up, often just called a start-up, is a company or project started by someone who wants to find, create, and test a business model that can grow. Start-ups usually have one founder or a few co-founders who all have the same idea for solving a problem. To grow and make sure their business ideas are good, the people who start a start-up will conduct interviews to learn about the problem, interviews to find the answer, and create a simple prototype to test their prototype. As beginning technique would possibly closing for years (3 or more years, estimates recommend), continuous and notable attempt is required.

It is in particular hard to preserve attempt over the long term with excessive failure charges and undefined results. A marketing strategy requires what to do and how to devise and implement an idea within the future. These plans usually extend the first three to five years of your company's strategy. At a breakneck velocity, Start-up s need to examine previous to exhausting or sporting assets. Investigation, research, check looking, and other initiative efforts assist a founder to recognize a way to installation a commercial enterprise. Founders often expand on testable ideas, create a basic product, and use A/B tests to see what works best.

Entrepreneur Define

The word entrepreneur or entrepreneurship is known differently. However, no agreement has been reached on the detailed or specified competencies and abilities that flip an individual into a a success entrepreneur. The definition particular from country to nation in adding to occasionally and the extent of financial improvement method and perceptions. Looking at studies done across different fields over the years can help us understand the idea of what an entrepreneur is all about. The word entrepreneur comes from the French verb *entreprendre*, which means to undertake. Back in the early 16th century, it referred to Frenchmen who led and organized. army missions have been known as marketers. During 1700 A.D., the time period become hired for contractors and architects of municipal works. The word entrepreneur was first used in business by a French economist named Cantillon back in the 18th century. He used it to describe someone who buys raw materials to put together and sell products. The New

Encyclopedia Britannica sees an entrepreneur as someone who takes on the risk of starting a business, even when the future is uncertain. Francis A. Walker said a real entrepreneur is someone who's really good at organizing and coordinating all the things needed for production. Adam Smith said an entrepreneur is someone who puts up the money but doesn't really get involved in the day-to-day work. Marx, on the other hand, thought entrepreneurs were just social parasites. Bernard Belidor used the term entrepreneurship to describe buying labor and materials at uncertain prices and selling what you make at a set price. Joseph A. Schumpeter saw an entrepreneur as someone who makes changes through new ideas. He thought entrepreneurs were important for economic growth. Frank Young describes an entrepreneur as someone who makes change happen. Noah Webster believes entrepreneur is someone who takes upon the risk and enterprise control duty.

Entrepreneur is one who's continually looking for trade, react to it and take gain of it as threat.

Here's what some folks say about entrepreneurs: Peter Drucker said innovation is how entrepreneurs use change to create new businesses or services. Arthur Dewing saw entrepreneurs as people who turn ideas into businesses. Clarence H. Dentrof described an entrepreneur as someone who makes decisions when things are uncertain. Robert D. Hisrich said a person who starts a great business needs to be a visionary leader who dreams big. Brad Feld, the founder of TechStars, said an entrepreneur is someone who builds a new business from the ground up.

Entrepreneur and Entrepreneurship

Entrepreneur in India

India could be a good place for business because it has free speech, a lot of smart people, a working stock market, and venture capitalists who are usually willing to invest. The younger generation is also more rebellious, they can easily see what foreign companies are doing in India, and they don't have to deal with old traditions. Plus, the market is unique, with customers who have specific needs and buying habits. We also have good schools and infrastructure, and a commitment to entrepreneurship

and technical education. This report looks at entrepreneurship and how it has grown in India since it became independent.

With problems that female entrepreneurs face, entrepreneurship and small businesses. The Govtt must reduce the administrative burden that several doors can open to entrepreneurship. Prior to 1991, obstacles to bureaucracy control and new installation have been abolished through financial improvement in 1991. The Govt. of India is mainly concentrated in the production sector on the banking and financial sector with assistance in this direction.

In 2006, the Indian government created the Ministry of Micro, Small & Medium Enterprises. Its job was to provide things like financial resources, training, and tax help to these businesses. Cultural change, inequality, foreign influence and wealth. Notwithstanding many challenges, entrepreneurship chances in India are enormous. Start -up and contractor start -up are new businesses. This start -up usually causes employment and subsequent opportunity after growing scaling models with innovation. Start -up could have the potential to carry out scale winding with the right kind of person with the right sort of character. Over the beyond 5 years, India authorized the improvement of technology -based totally begin -up fulfillment memories.

Different sects in India have massive industry markets for small and microbia, small generation businesses accomplished great achievement to resolve the customer's trouble by imparting innovation thoughts.

Last yr (2015-sixteen) "98473 companies have been included in India" in step with a current survey of Nasscom, "India has approximately 4,400 start-america that appoint around 85,000 personnel, which have a total financing of \$ 6.5 billion". Technology and conventional begin -up systems have shown their speedy development inside the Indian market. One. Recruitment of the proper capabilities to add skills to entrepreneurship and a begin -up economic system is a often stated problem for start -up nowadays. The absence of the right skill is a end result of sick training at three degrees: At the faculty level in which the academic strategies attention on root and recognition on creative wondering and analytical talents In vocational education, Where technology is used and taught in publications, frequently vintage and presently antique and uncontrolled with contemporary industry or start -up. At universities, that is mistaken for lots graduates to work. It ends in a younger labor Suitable talents to

enter modern enterprise, and a huge price to the non-public quarter in training or withdrawn people.

Start-ups

E-commerce, aggregators, consumer hyper-local analytics, and IoT are all part of India's start-up scene. Compass says that India's start-up ecosystem ranked third globally in 2015. These start-ups often focus on things like professional products, e-commerce, online payments, data analysis, and internet services. Most of them have bankers and financiers in Delhi, Bangalore, and Mumbai.

What is Start up?

A Start-up is a modern, young, dynamic corporation primarily based on records and innovation wherein the founders want to take benefit of the reality of beginning an item/objects or company for which they receive as proper with there's a demand of it the market. At gift, because of the nature and complexity concerned with the new start-ups, Presumptuous unique requirements regarding any organisation. their length of degree of living, the dimensions and high-quality of quantity received, the scale of profits earned, the vicinity or vicinity of operation and many others. Some theoretical definitions can be located in municipal spaces. I got this info to show readers something cool.

The Department of Industrial Policy and Promotion (DIPP) is working with a startup definition and should release it soon.

A Start-up is an early corporation that is increasing and growing, is within the initial phase of operation and normally includes a small set of people or man or woman.

A task of joint for entrepreneurship or a brand-new undertaking, a partnership aimed at seeking out out a repeat and scalable enterprise version or temporary commercial enterprise shape.

This futuristic occupational model seeks to disrupt standing consumer places or create new places

This is an energetic group that focuses on youth, tech, and new ideas. The founders are trying to create something people want or need.

- * Been around for three years or less.

- * Gotten Series B funding or less.

- * Is either a startup, partnership, or small team inside a bigger company.

- During increase time, manufacturing or sale of latest merchandise, We've been offering these strategies and services, both new and old, for more than five years, but we haven't hit 25 crores in revenue yet. through the separation or rebuilding, established order with the aid of department or reconstruction.

A Start-ups firm is described as an established order.

Start-ups are new businesses.

Fresh approaches for growth and operations give new and flexible choices. It's tough for start-ups, initial coin offerings, finding the right people, and helping them grow. But with the aid of gift survey they emphasize or recognize early studying methods.

Hence, emphasis is positioned on featuring India within the preliminary level, emphasizing new firms, small corporations which specifically impact in era to deal with customer issues and problems solving.

Start-up s usually need different help additionally finance, including specialised technical offerings like idea of constructing, management direction, advanced industrial corporation We're talking fresh ideas, making connections, and keeping the books in order or jail advocate. Non-economic or other assistance is a way to slight hazard of funding. According to NASCOM, India has about 110 incubators and accelerators right now. These incubators work with people who have ideas, helping them build a business, develop a product, and learn about the market. These incubator programs can last for

over a year. The Indian government's Start-up India policy was created to help get new businesses off the ground, starting with 30 start-ups. The Prime Minister first talked about Start-up India and Stand-up India on August 15, 2015, during his Independence Day speech. The government will encourage banks to finance startups and offer financial help to boost entrepreneurship and job growth. Notion is probably to provide more advantageous/followed guide for entrepreneurship and help set up a device of start-usawithin the usa. Additionally, the Finance Ministry introduced the incorporation of latest schemes for entrepreneurial and newly rising or growing sectors; Incorporating the accessible regiois or geographical place of the usa; Promotion of latest activities as regards new merchandise, goods and methods. In the Budget Speech of FY 14- 15 vowed to create a era hub device, programme to assist ahead and Backward linkages in some of fee series and Installation and introduction of Places where new businesses can get help to grow, even in small towns.

So, the Start-up India plan was launched by the Prime Minister in early 2016. Since then, many government departments have gotten involved, making it simpler for entrepreneurs to start and run their businesses. That was the main goal all along: to make things easier for people to do business.

Definition of Start-up notified by Government of India

There's no clear definition of “start-up” in India. Look at following factors, like the accessibility of budget for any enterprise primarily based on how they live, the money, and the education they get, there are a few basic definitions that people use when talking about things like income, space, or where to work. Here are some of those definitions, explained to help you understand what people mean. The Department for Promotion of Industry and Internal Trade (DPIIT) seems to have a good definition of Start-up because it's something the public needs.

A Start-up is a young, new, agency founded on information and innovation wherein the ounders attempt to take advantage of launching or producing a product, goods or service for which they accept as true with there's a want of it.

P M Narendra Modi changed how we think about finance with the idea of Start-up, which helps fix some issues in the financial world.

A Start-up is a unit (Pvt. Limited Company or Registered Partnership Firm or Limited Liability Partnership) shall be a "Start-up " – It have to follow to those pointers.

If your business has been up and running for five years or less since you registered or started, and your turnover hasn't exceeded INR 25 crore in any financial year, you're good. Also, you should be looking to grow by renewing, expanding, supplying, or selling fresh products, methods, goods, or services driven by tech or intellectual property. Just make sure you're not just rebuilding or recreating an old business.

A sole proprietorship or a public limited company can't be considered a new start-up. But a one-person private limited company can be a 'new start-up..

Department of Industrial Policy and Promotion (DIPP)

The Department of Industrial Policy and Promotion (DIPP) has updated its FAQs about the Start-up India program. The goal is to answer common questions about what a start-up is, how to get listed, what documents you need, and how to get tax benefits and intellectual property rights. They've also included info on the Inter-Ministerial Board. The government launched a special online portal and mobile app in April for start-up registration.

The portal has info about the perks of the Start-up India program.

Both new and older organizations can now register as startups through an online application.

Once you sign up, the program/database might be able to get benefits and plans from government programs.

Launched on January 16, 2016, by India's Prime Minister, the Startup India plan is a policy change to grow the country's entrepreneurship scene. Since startups bring a lot of innovation and jobs, the government wanted to get rid of issues, give money, and

make rules easier to follow. The Startup India portal is key—it's a single online spot for info, applications, and getting in touch with people. The Department for Promotion of Industry and Internal Trade (DPIIT) handles running the plan, putting recognition systems in place, and coordinating support between different government departments.

The Startup India portal (www.startupindia.gov.in) is a central online platform made to:

- * Make it easier to apply for DPIIT recognition.
- * Give access to government programs, tax breaks, and self-certification for labor and green rules. * Offer lessons on business planning, copyrights, and following the rules.
- * Link startups with investors, incubators, accelerators, and business partners.

What it Offers

- * Online Recognition: Startups can upload company papers, a summary of their idea, and revenue/funding info through the portal.
- * Training: The portal has a Learning Program with UpGrad and Invest India.
- * Networking: A tool to help startups find government contracts, mentorship, and funding.
- * Resources: Legal forms, policy info, and industry reports.

DPIIT's Role in Startup Facilitation

DPIIT, part of the Ministry of Commerce and Industry, is the main group that takes care of the Startup India program.

1. Giving Recognition DPIIT can officially recognize startups based on the rules in notification G.S.R. 127(E) from February 19, 2019. To get recognition, a startup must: Be a Private Limited Company, Partnership Firm, or LLP. Be less than 10 years old since it was created. Have a turnover of no more than ₹100 crore in any financial year. Create new and improved products/processes, or have the ability to grow and create jobs and wealth.

2. Speaking Up for Startups DPIIT talks about startup issues in: The Inter-Ministerial Board (IMB), which looks at tax benefit requests under Section 80-IAC of the Income Tax Act, 1961. Committees that make it easier to do business by suggesting simpler rules. Working with SEBI, RBI, and State Startup Missions to make changes in specific areas.

3. Giving Incentives When startups get recognition, they can: Get income tax breaks (Section 80-IAC for 3 years in a row). Not pay angel tax under Section 56(2)(viib). Use the Fund of Funds for Startups (FFS) managed by SIDBI. Get patents examined faster through the Startups Intellectual Property Protection (SIPP) program.

Startup India Portal: How to Get Recognized

1. First, make a profile on the Startup India portal.
2. Next, send in your company's incorporation certificate, PAN, proof of concept documents (like a pitch deck, patent info, or proof of traction), and a written explanation of your innovation.
3. Then, the DPIIT evaluation group will check out your application.
4. If everything looks good, your startup gets a DPIIT Recognition Number and Certificate.

Recognition Issues and Challenges

Even though the portal's automation has cut down on some wait times, a few issues are still around:

1. What Innovation Means Is Open to Debate The need to show innovation or how well a business can grow can be understood in different ways. Startups that aren't in tech, such as consulting, food service, or retail, are often turned down even if their operations are special.

2. Paperwork and Strict Rules Following pitch deck and proof-of-concept formats very closely causes startups to be turned down repeatedly for small mistakes. Sometimes, even startups that are doing well and making money don't meet the expectations for an innovation story.

3. Tax Break Problems Simply being DPIIT-recognized doesn't mean you get tax breaks automatically; you still need to be checked by IMB. DPIIT data from 2023 shows that only about 3% of recognized startups got 80-IAC benefits because the checking process is tough.

4. State Policy Issues Many state startup policies say you need DPIIT recognition to get grants or spots in incubators. If recognition is slow, startups might miss out on programs that have deadlines, especially in Karnataka, Maharashtra, and Gujarat.

5. Industry Licensing Issues Startups in industries with rules, such as fintech, food processing, and healthcare, need extra licenses that DPIIT recognition alone can't replace.

NASSCOM facilitates the registration of Start-up:

NASSCOM warehouses, working with every state governments, are seen as groups that can give support letters to new startups when they need to register under the Startup India program.

Tax relief:

The Finance Ministry in India has provided the tax breaks that follow as part of the Start-up India Action Plan, according to current financial policy.

Long term capital Gains:

Anyone makes investments for greater than over 24 months in unlisted companies, you won't ought to pay tax on lengthy-time period capital gains. The duration spent

over the last 36 months has been decreased.

Exemption from earnings tax for 3 successive years, consisting of "limited liability partnership" concerned

Enabling IPR Protection IP Assistance

IP help is available to make it easier for start-ups to file for intellectual property rights (IPR). A program called Start-up s Intellectual Property Protection (SIPP) has been launched as a trial for a year. Through this program, start-ups that need help with filing a patent, trademark, or design can get support with the submission process. They can find help from a list of patent and trademark experts.

so the Indian patent office, as part of the Start-up India initiative, put out some revised patent rules back in 2016, wherein for the primary time an IPR seeker has obtained a quick exam of IP packages. This will probably visit the estimate deadline depending on a declare.

Business.

A begin -up can practice for a tax bargain after or after registration of start -up. Differences General board approval is essential to be nice. Patents, layout and trademark protection, highbrow property and associated rights are given inside the Indian patent workplace for know-how and convenience related to unique strategies and necessities.

The Ministry of MSME is thinking about loosening the rules for government contracts for small businesses in the manufacturing and service industries, and they might also create some kind of support system for start-ups proposed preceding revel in or obligatory requirements earlier than commercial enterprise at some stage in public procurement policy. Technical and first-rate necessities.

Diksha of Grand Innovation Challenge - India's most vital improvement challenges and objectives with the goal of identifying low fees - Niti Aayog has started the Grand Innovation Challenge with its first phase.

Govt. authorities seeks the inputs of the peoples from the residents' demanding situations, for the improvement of society that require interest immediately. In Phase 2, mainly from what I've learned, To improve our community, the government wants to hear what's important to you. In the next step, we'll use your feedback to prioritize key issues and ask for even more ideas from the public. The government will then review and work on the suggested solutions.

Also, the Ministry of Labour & Employment is trying to make running a business easier. They've released a notice that helps companies avoid problems with young workers and follow labor laws. Now, start-ups can self-certify that they meet these rules.

It indicates that allow any rebate on physical exams required through manner of regulation to be hooked up for their popularity quo. The Ministry of Environment and Forests has given environmental clearance to White Elegance Industries and categorized the project as company based totally at the pollutants index into 4 lessons of red, orange, inexperienced and white. A new category has been supplied to non-polluting industries by White. In this class, eco-friendly recognition and permission need now not be sought.

Types of Start-up Small Business Start-ups

The truth is, many new businesses today are just like the small companies we've always had.

Think storefronts, plumbers, electricians, travel agents, carpenters, and consultants. These are the kinds of startups you often see.

It's true that many startups struggle to get noticed by big media outlets. But the people running those startups work just as hard as anyone else. What's cool is that these startups usually hire local people, which helps the local economy. Their goal is usually to make

enough money to take care of their families. Tiny organization owners seldom construct it in the way of the media coverage however do percentage an vital position within the monetary improvement of the start-ups. Lifestyle Start-up s, We are witnessing an growing number of start-up who are lightening the road among passion and career. For instance, people, who are obsessed on drawing, are beginning cartoon begin agencies because it presents them with the suitable opportunity to carry out what they do first-rate. Individuals with little aircraft of information in sky leaping presently offer sky leaping or think of tutoring or mentoring as the start-up life, too.

A lifestyle start-up is about following your passion and figuring out how to make money from it.

Buyable Start-ups

It's common knowledge that cost- or cell-based net-based utilities had a rough patch. But now, a fresh wave of funding called Purchase is helping start-ups boost the creation of new tech. These start-ups are after initial investments, aiming to connect regular sports capital with crowdfunding searches. Yet, as a reimbursement for profit, this kind of Start-up is maximum in all likelihood 34 bought to a few 0.33 events. This sort of Start-up is acquiring reputation and it's miles/ways in all possibility going to be even more famous within the following several decades.

Social Start-ups

Social ventures are like another start-ups. Social Start-up aren't pushed through profit, but they operate due to a strong motive. Because social entrepreneurs are fighting for some purpose, It does not suggest that they've created horrible responses closer to profitability or fulfillment. Similar to conventional Start-up agencies, most social Start-up s are enhancing the arena, However there are positive social ventures which can be in the nature of constructing wealth. Scalable Start-ups Even with very tiny Start-up s, scalable Start-up s are pretty one-of-a-kind from small commercial enterprise Start-up . Target of scalable Start-up is high compared to small business Start-up , they experience that Google, X, YouTube, Instagram and their opposite numbers Start-up

that can grow are based totally on a simple yet strong idea and that they continually look out for economic traders.

How plenty investment should I raise?

When ought to I fund raise?

At which degree have to I now not?

What heads and degree ought to I fund improve for?

What are the suitable assets of finance for me and in what order?

What are the advantages and drawbacks of every?

How tons fairness need to I provide?

How to fund for business?

How do you give out equity when you don't know what your company is worth?

How many buyers might I want to contact that allows you to locate someone?

How much time will it take?

Sources of Funds

Bootstrapping

Turning people's skills into money.

It is far once in a while acceptable to attempt to locate uot begin-up businesses yourself, and not using a 0.33 celebration financing, that is termed bootstrapping "to drag oneself up via one's bootstraps".

Bootstrapping means the person starting the company already has some sales lined up from the start. That's most effective feasible start-up does not require a massive amount of investment and if no cash funding supplied through third events.

The advantage of that is that marketers are in complete manipulate of their mission.

Whereas on traditional way of funding the start-up was as though the begin-up mission founders do not have their very own price range and could not independently finance the begin-up with out outside finances they generally turn to the conventional sources of funding like financial institution loans, Loans from nearest Friends, Family persons and related Fools or group, Early funding usually comes from sources like: seed capital, angel investors, and venture capitalists.

Bank loans

The maximum conventional technique of getting access to finance however due to lengthy methods and their lending criteria for mortgage which depends upon their credit history and belongings of the character. Most of the Start-up s are installed by younger entrepreneurs who are predominantly first technology entrepreneur, in most of the instances they have no assets hence it's miles difficult to get right of entry to finance. In 2003, Astebro and Bernhardt looked at how bank mortgages and the survival of start-up companies relate to each other. They noticed a bad relation because more start-ups were getting different kinds of investments. A similar study of over 9,715 tech start-ups versus other start-ups showed that getting a bank mortgage was either getting easier or harder. businesses were studied in the 2007-2009 c program language period it assumes that excessive-tech begin-united states will no longer make use of financial institution loan and it is very difficult for them compared to different industries. 3F - Friends, Family and Family Relatives

Prior to approaching outside reputable funding channels entrepreneurs must try to accumulate the preliminary price range from those which might be closest and familiar to them like pals and loved ones.

"primary line" of stakeholders and it is miles typically referred to as "Fools" on the grounds that they've invested into the Start-up with out taking into consideration the fact that maximum of the Start-up s fail in their early segment that is of three 12 months

span. However, prior to approaching big and stronger buyers, It's really important for a startup to get some money to start. This shows that the person who came up with the idea really believes in it, and that their family and friends do too. One thing to keep in mind is that if the idea doesn't pan out, it could cause problems in those relationships.

Seed finance

Seed money is like the first investment a start-up gets to help them grow their business. Primary capital assists new assignment groups in boom and development in their products may due to the fact Start-up is engaged in quick technological exchange. One of the maximum well-known manner of obtaining seed fund by means of drawing near the ones buyers who desire to put money into capability Start-up thoughts of successful entrepreneur. Fund arising is executed through entrepreneur in preliminary stage in early level for starting any enterprise from circle of relatives and buddies. Seed funding covers all the costs of getting a product off the ground. This includes things like product development, proving your idea with research, and the basic admin stuff to get started. The goal at this stage is to see if your idea is viable, test the market, find out if people are interested, and get those first customers.

Angel Investors

Angel investors help marketers understand their ideas. They also give their expertise to help. revel in and capital no longer most effective to Start-up s however also to mature enterprises that already own a setup however are quickly in cash troubles. "smart funding" comprises imparting abilities, understanding and enterprise contacts, while maximum commonplace reasons for providing budget are making a living, assisting entrepreneurship, Angel investors, who are registered with the Stock Exchange Board of India (SEBI), listed banks, or well-known institutions like the Indian Institutes of Technology or Management or the Department of Science, help entrepreneurs and startups by investing in their early stages. This creates business and some new costs.

Venture Capitalist

Venture capital comes from individuals, companies, or funds that invest in start-ups to help them grow.

These investments are different from bank loans. Instead of just lending money, venture funds want a piece of the company. Banks, on the other hand, get interest over a set time.

Venture capitalists don't worry about the start-up's day-to-day cash flow and don't create fixed costs. Bank loans, though, have to be paid back on time, which can strain a business's cash flow.

It is likewise called risk capital fund as in step with Croatian law.

Finance Sources for Loans

Term and Duration

Long Term Loans - Above 3 years

Venture Capital, Angel Funds loan, Friends, Family and Fools loan, Equity loan, Long term Bank Loans,

Mid Term Loans between 1 year to 3 Years

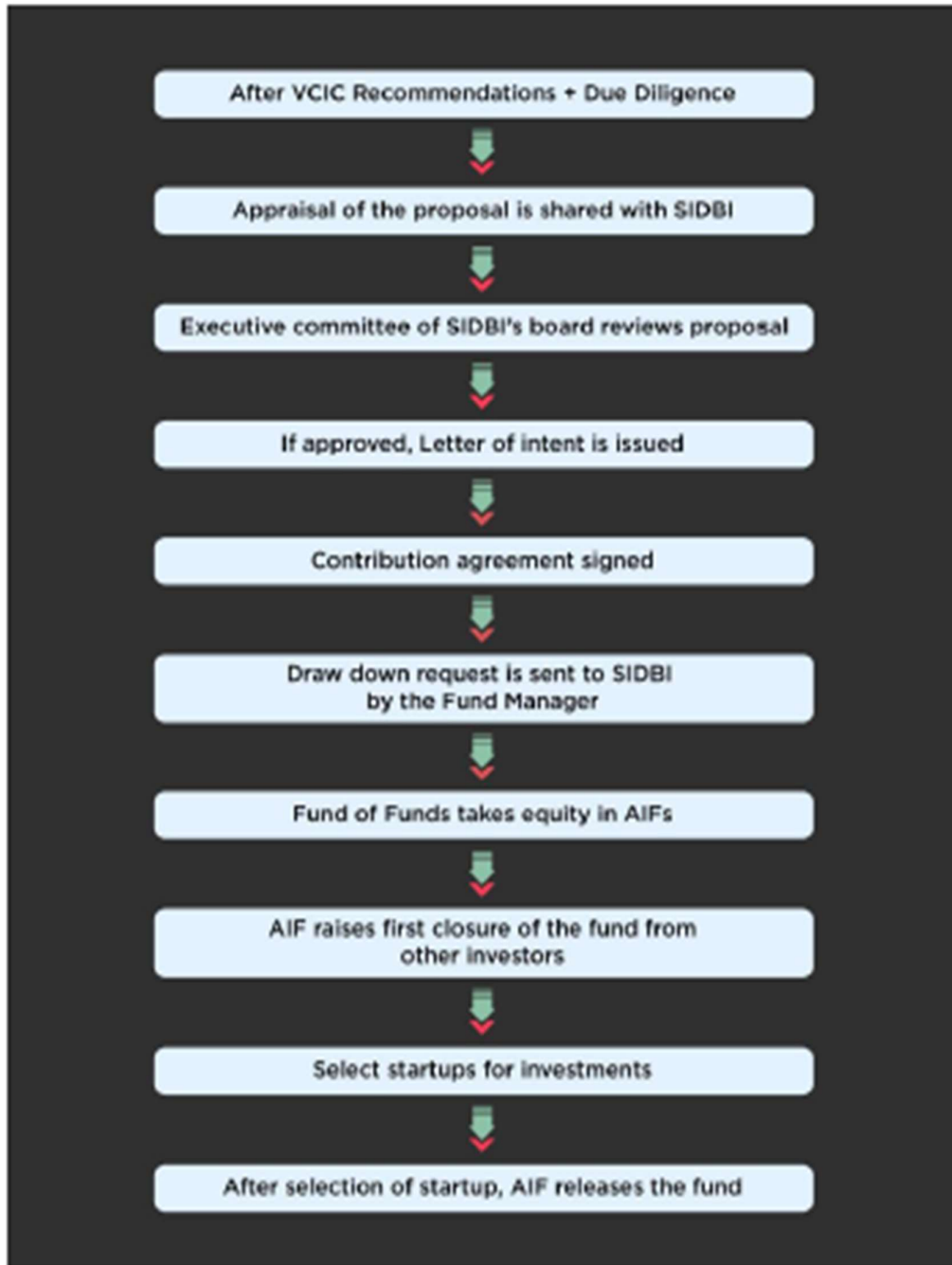
Personal, Short term Loan, Incubators, Angels, Bootstrapping

Short Term Loans – Less than 1 year

Credit cards usage loan, Factoring Loans, Small trades loan Barter System Loans, Advance amount received from Customer

To get funds, a VC fund has to give a full presentation to the Venture Capital Investment Committee (VCIC). SIDBI created the VCIC, and it includes experts like Mohandas

Pai, Sanjeev Bikhchandani, Saurabh Srivastava, H.K.Mittal, Prof. Vaidyanathan, and Kiran Karnik. An AIF should do the following:



Start-ups that are changing the face of Virtual Reality in India

1) Mr. Mukesh Bansal, Founder of Myntra

Mukesh Bansal is a well-known Indian businessman. He's most famous for starting Myntra, which is the top online fashion store in India. He was born in Haridwar in 1975.

In 1997, he got a Computer Science degree from IIT Kanpur. He started out as a system analyst at Deloitte and then spent almost ten years in Silicon Valley, working for different tech startups. In 2007, he created Myntra. At first, it sold custom-made items, but later it switched to selling fashion. With him in charge, Myntra grew fast. Flipkart bought it in 2014 for about \$330 million. After that, he became the Head of Commerce and Advertising there.

In 2016, Bansal and some others started Cure.fit (now called Cult.fit). It's a health and wellness platform that puts together fitness, food, and mental health services. By 2021, it was worth over a billion dollars. He also started Meraki Labs, which helps startups get going. Plus, he had a big job at Tata Digital, where he helped start the Tata Neu super-app. In 2024, he launched Nurix AI, which works on AI tools for businesses.

Mukesh Bansal has also written a book, hosts a podcast called SparX, invests in new companies, and has won awards like the IIT Kanpur Distinguished Alumnus Award and Fortune India's 40 Under 40.



2) Mr. Karsanbhai Patel – Founder of NIRMA

Karsanbhai Khodidas Patel is a well-known Indian businessman and the guy who started Nirma Group. He changed the way Indians bought detergent. He was born in Gujarat in 1945 and started out as a chemist for the state government.

In 1969, he started making cheap detergent powder at home. He sold it himself, going door-to-door on his bike. He named it Nirma after his daughter Nirupama. Because his detergent was affordable, it shook up the market, which at the time was mostly controlled by big international companies. Eventually, Nirma started making other stuff like soaps, makeup, cement, and even got into education. Patel turned Nirma into a brand everyone in India knows and one of the top consumer brands in the country.

He also started Nirma University in Ahmedabad, which is a big contribution to education. Karsanbhai Patel has won a few awards for his work, including the Padma Shri in 2010, because of what he's done for business and industry.





3). Mr. Sachin Bansal, Founder of Flipkart

Sachin Bansal is a famous Indian businessman and co-started Flipkart, which is one of the biggest online shopping sites in India. He was born in Chandigarh in 1981. In 2005, he got a computer science degree from IIT Delhi. Before starting his own company, he worked at Amazon India, and that experience gave him the idea to start his own online business.

In 2007, he and Binny Bansal (they aren't related) created Flipkart. At first, they just sold books. But Flipkart quickly grew to sell all sorts of products, becoming a major competitor to Amazon and changing how people shop in India. Walmart bought most of Flipkart in 2018 for \$16 billion. This was one of the biggest deals ever for an Indian startup. Sachin left the company after the sale.

After leaving Flipkart, he started Navi Technologies, a finance company that deals with online financial services such as loans, insurance, and mutual funds. He also puts money into other Indian startups. He is still an important person in the Indian technology and business world.



4) Mr. Kunal Bahl, Founder of Snapdeal

Kunal Bahl is an Indian businessman and investor. Most people know him as the guy who co-founded Snapdeal, a big online shopping site in India. He went to the University of Pennsylvania. Back in 2010, he launched Snapdeal, and it later grew into the AceVector Group, which includes businesses like Unicommerce.

He's also a founder at Titan Capital, an investment group that's put money into well-known startups such as Ola and Razorpay. Bahl is a well-known person in the Indian startup world. He's on a few national advisory boards and even appears as a judge on the show Shark Tank India.



5) Mr. Vijay Shekhar Sharma, Founder of Paytm

Vijay Shekhar Sharma is an Indian businessman who started Paytm, a popular payment and finance app in India. He was born in Aligarh, Uttar Pradesh, and finished engineering school in Delhi when he was just 19. He got his start in business with indiasite.net, which he sold in 1999. Then, in 2000, he created One97 Communications. In 2010, he launched Paytm as a way to recharge phones. It quickly grew into a complete system for digital payments. Paytm became very well-known in 2016 when India took old money out of circulation. It became a household name. Sharma helped Paytm grow into new areas like banking, insurance, investments, and ticket sales. In 2021, Paytm had the biggest initial public offering (IPO) in India, raising \$2.5 billion. Sharma also invests in new companies. He has supported startups like Ola, Unacademy, and GOQii. He was once named India's youngest billionaire by Forbes. He really believes in bringing financial services to everyone, especially those who don't have easy access.

He has won awards like the Time 100 in 2017, Entrepreneur of the Year in 2016, and the Yash Bharati Award. Even though Paytm has had some problems with regulations recently, Sharma is still very important in the Indian financial tech world.



6) Mr. Ritesh Aggarwal, Founder of Oyo Rooms

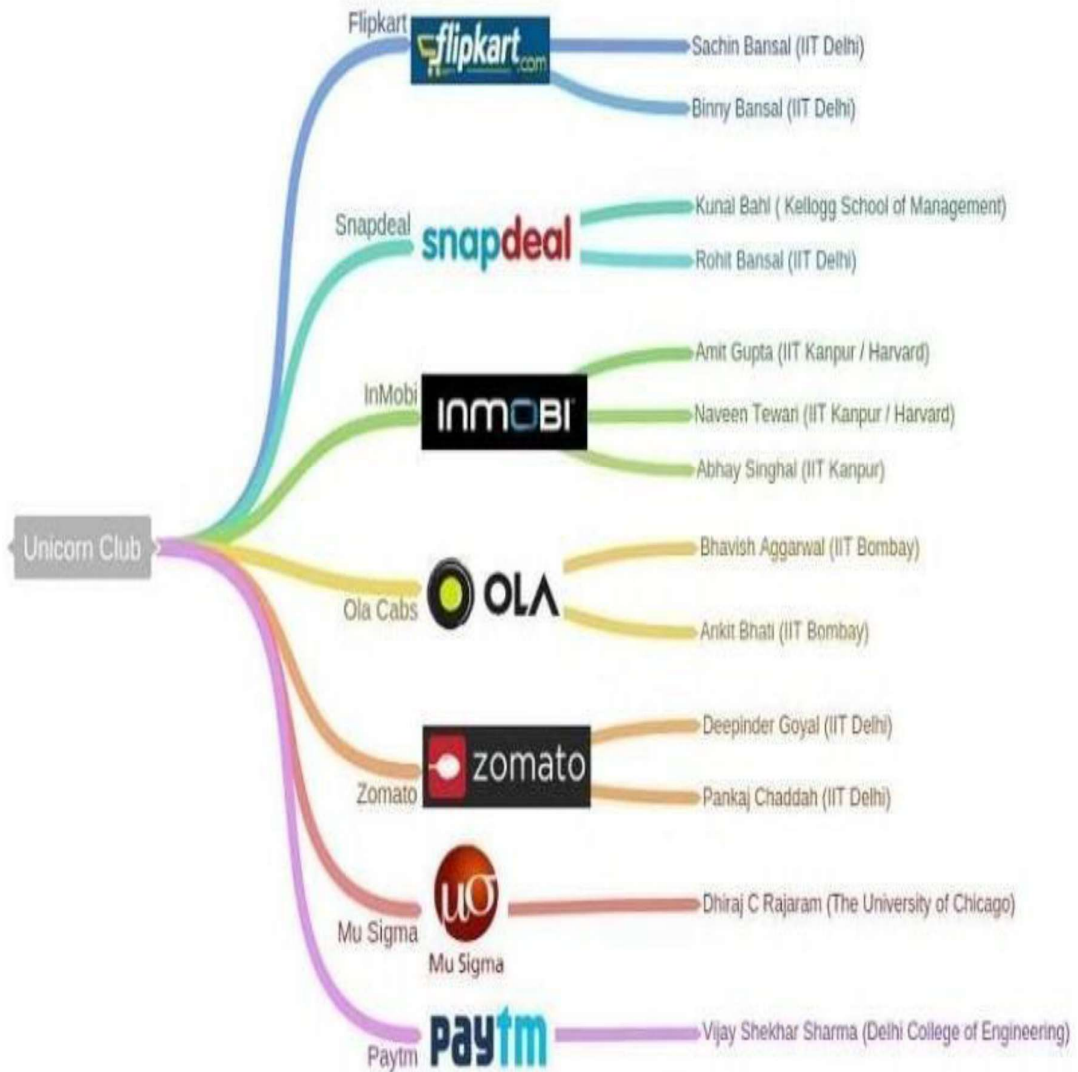
Ritesh Agarwal is an Indian businessman who started OYO Rooms, a huge hotel chain for budget travelers around the world. He was born in Odisha in 1993, and he got into business early. He left college in Delhi and started Oravel Stays in 2012, which he later changed to OYO in 2013.

He got a Thiel Fellowship and \$100,000 to work on his startup. OYO grew fast by teaming up with small hotels and making their services consistent with the help of tech. He led OYO as it spread to over 80 countries, making it one of the biggest hotel chains out there.

Ritesh became one of the youngest self-made billionaires in India. His success has been shown in Forbes and other big places. In 2024, he became the youngest investor (shark) on Shark Tank India, where he's known for advising startups.



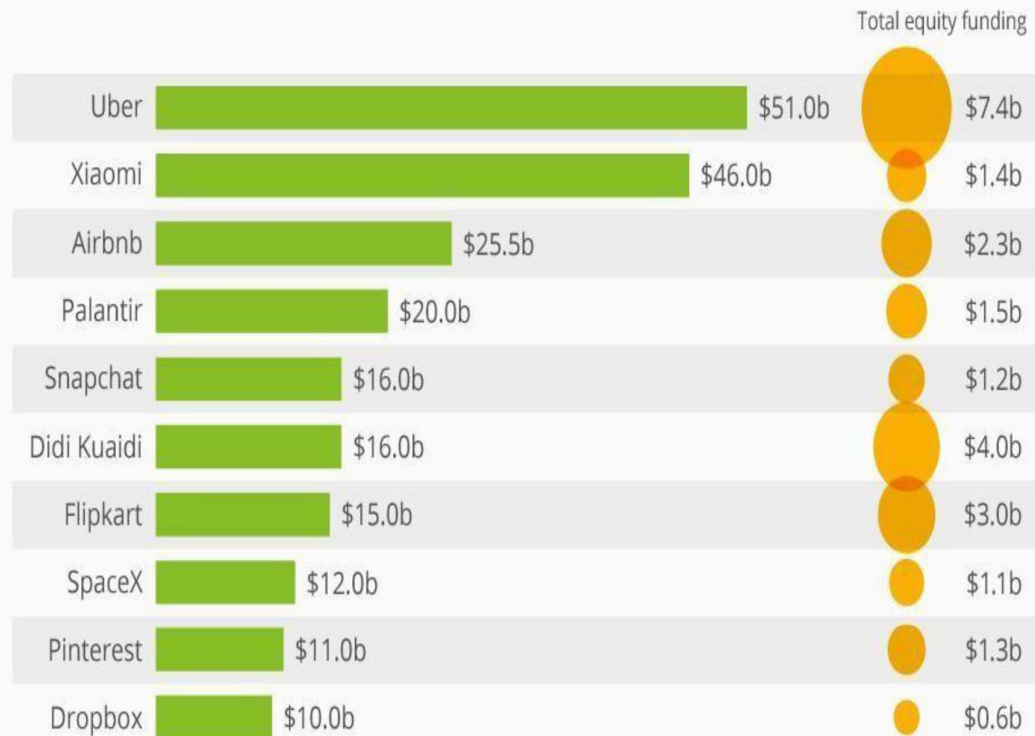
The Indian Unicorns



Worlds Top10 start-ups

The World's Most Valuable Startups

Valuation of the 10 most valuable venture-backed private companies*



@StatistaCharts

* as of October 2015

Source: The Wall Street Journal

statista

CHAPTER IV

ANALYSIS

One thing you need to be able to do is use "the product or service must be a new or important better version of existing services or products."

Let's talk about start-ups. If they're trying to build online stores like Flipkart and Amazon, they might face some challenges. So, if a new company wants to do the same thing, it probably won't work out unless their product is way better than what's already out there.

Yet another eligibility standard is the begin-up ought to obtain a letter of recommendation from the diagnosed mobile incubator or be accepted via Getting the Indian government to fund a startup using their regular budget can be tough.

Based on what I'm seeing, I'd say about 60% of today's start-ups wouldn't qualify for the Start-up India software as they grow.

RESEARCH METHODOLOGY

To figure out if your business idea can work, you need to do some research. When you research your business, you collect all sorts of info to get a better idea of what your Start-up will do and what products or services people actually want. Start-up or business researchers use different ways to collect the right info so companies can make good choices. If you want your Start-up or business to grow, research can show you how likely you are to succeed, ways to do research:

1. Data evaluation/collection
2. Observational Method
3. Survey Method
4. Experimental Method
5. Case Study Method
6. Content Analysis
7. Interview Method
8. Focus Group Discussion (FGD)
9. Literature Review / Secondary Research
10. Longitudinal and Cross-Sectional Studies
11. Ethnographic Research

Research is a way of finding things out in a careful, step-by-step way that. pursuits to remain goal and collect a wealth of statistics to research just so the researcher may additionally arrive at a end.

The research system is multi-stepped and steps connect to other steps in the method. For example, if the first step is about trade then the researcher has to go through all of the different steps and make certain that the changes appear even as the manner is ongoing. Parks and endeavor specialists generally tend to perform studies or evaluation

tasks inside the enterprise. These pros need to get a grip on the eight steps of the research system when it comes to study burnout.

Problem Identification

To begin, you need to figure out a problem or come up with a question to research. In studies, the problem could be something the company sees as an issue, certain info or data the company needs, or a desire to define a project trend across the country.

Finding a problem to research means spotting a question or hole in what we already know that needs looking into. This can come from everyday life, wanting to learn more, what people need, new tech, or even worries about rules. Whether it's simple research or something more practical, picking out a problem is super important for figuring out what you're trying to do, how you're going to do it, and how you'll understand the results.

To do this, you need to be curious, think hard, know what's already out there, and get the big picture. A research problem should be more than just something you find interesting; it should be something that needs fixing, explaining, or checking out.

Literature review

Once you've figured out the problem from your research, move on to the next step. Researcher is needed to understand extra about the subject count number beneath studies. Having done so, the researcher then has to examine the literature concerning the studies hassle. This step gives introductory data concerning the difficulty region. Literature evaluation moreover educate the researcher concerning what information had been undertaken formerly, how such research were undertaken, and the findings within the trouble place

Summarising the Problem

A variety of instances the main hassle identified in the preliminary stage of the technique is a ways too splendid or too large in nature. In the third stage, the researcher figures out the problem and narrows down what the study will cover. This

can only happen after the researcher has looked at what others have already written about the topic.

Looking at the stats from past research helps scientists clarify and focus their clinical studies.

Selection of Methodology

Key terms and concepts are the words or phrases you'll find in a study's reasoning or overview. These gadgets are required to be expressly described due to the fact they may be applicable to the have a look at. Terms or concepts normally have completely alternative definitions depending on who's analyzing the have a look at. To avoid any confusion, the researcher needs to clearly define all terms and concepts used in the study.

Research Proposal

Research can be about checking out how things work at a specific group of people, like at their buildings, parks, how they plan things, how they rate workers, their programs, how they're doing with money, their ads, or how they're using tech in their day-to-day stuff.

Create the Instrument Plan

The plan for putting in instruments lays out the whole study. It says who will be involved, when and where data will be collected, and what the study is about.

The researcher creates the walking program, figuring out what data to collect, when and how to get it, who will gather it, and how it will be analyzed. The setup details all the steps needed for the research. To very well remember most of these alternatives and for him/her to provide a step-by way of-step process to be adhered to within the look at.

Collect Data

After the instrumentation setup, the particular look at commences with the collection of information.

The series of information may be a decisive motion in being capable of give the information had to resolve the evaluation query.

Every study involves gathering some kind of data, like existing writings or information from people, to help answer the research question.

So, data comes in different forms, like answers on surveys, questionnaires, what people observe, or info from books and articles. Once you've gathered all the facts and have them matched up with the right things you're studying, then you're ready for the last step: checking out the stats.

Analysis the Input Data

After all the hard work and time spent on steps 1 through 7, we've finally reached the point where the researcher has data to look at and answer the main research question. The researcher already mentioned how this information would be analyzed in the instrumentation plan. Now, the researcher can analyze the data based on that initial plan.

The results of this analysis are matched and provided to directly answer the research questions. It looks like the Indian government is trying to give young Indian companies a boost through the Start-up India campaign. The idea is to help capable people start their own businesses instead of settling for less fulfilling jobs. Basically, Start-up India is designed to support small businesses that are less than seven years old and have an annual revenue of less than about \$3.9 million.

The Department of Science and Technology and the Ministry of HRD are working together on a software program to launch 75 start-up hubs in NITs, IITs, IISERs, and NIPERs.

The Reserve Bank of India is ready to take steps to make it easier to do business in the country and help create a good environment for new companies to grow. Starting up a business is a great idea and needs a boost.

India is a country with a young population and a huge number of people, so it has one of the largest groups of consumers in the world. Because everyone has different

needs, there's always a chance to try out fresh ideas. Our health care, education, and infrastructure all need to be improved, and new projects can really help with that.

Challenges in Analysis Data

New businesses in India are running into quite a few problems irrespective of Government responsibility to provide all the assistance and price range. New companies believe that it is hard to access credit score. Getting investors for your startup or getting loans from banks is always a challenge for new businesses. Location is also a tough one. Where you are depends on how people think about your business, too.

Implementing Actions Strategy

Prime Minister Mr. Modi's new plan for leisure activities is a big deal. But, to make it really help new businesses grow, it is quite important to change how these businesses are approved. Instead of a regular board, a group of skilled experts should be in charge of deciding if a startup can succeed

Additionally, in an effort to make certain that this most important group of 'in a position experts' makes impartial decisions at the applications received, a very last listing of pointers should be designed to guide its leadership even as making any selection on the 'lifestyles and reasonableness' as well as 'eligibility for tax comfort' of latest groups.

Due to the end result of any grievances arising from the prejudiced selections, one need to be supplied with an choice to seek recourse to the Indian Judiciary.

India really needs skilled workers, so the National Skill Development Corporation (NSDC) is trying to train 150 million Indians by 2022.

CHAPTER V

CASE STUDIES: START-UP IN KARNATAKA STATE

This study uses a qualitative research method to look into the legal problems start-ups encounter when setting up companies in Karnataka. A qualitative approach was picked to get a better sense of what founders go through, the regulatory problems they face, and how complex the procedures are, instead of testing statistical ideas. The case study method lets us explore detailed, real-world examples, which makes it good for studying how central laws like the Companies Act, 2013, and the Companies (Incorporation) Rules, 2014, work with state-level support in Karnataka.

We gathered primary data through interviews and site visits at co-working spaces and incubators in Bengaluru. The talks centered on key issues like name approval delays, following many rules, tax registration problems, and protecting intellectual property.

We got secondary data from government reports (like the Startup India portal, DPIIT publications, and Karnataka Startup Policy documents), corporate law journals, case laws, and reliable business news sources. This mix made sure the results were based on both real experiences and legal rules.

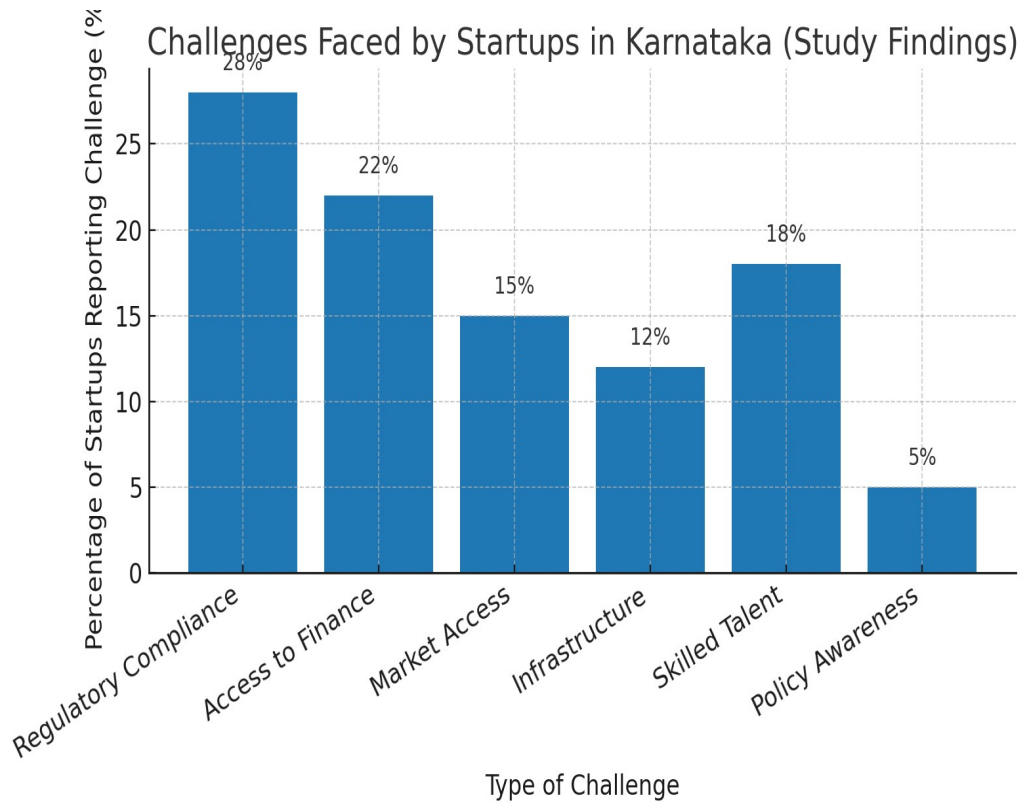
For data study, we used a thematic coding method, finding common issues and placing them under categories like process delays, compliance issues, and gaps in legal understanding. Where needed, we made comparisons to other states, like Maharashtra, Kerala, and Tamil Nadu, to see if Karnataka's support steps are better.

By mixing a qualitative setup with secondary data comparisons, this work gets both the legal side and the real-world parts of opening a start-up in Karnataka. This gives a complete and in-context view of the topic.

Karnataka is in southwestern India. It's the top state for giving licensed startups perks like Booster Kits. Here's some background info and what they've done so far:

- Only State claims to cover startups in many areas.
- The Karnataka State gives accreditation to self-certification-based compliance under Labor & Environment Laws recognized by DIPP.

- There is a separate net web page and helpline by using the usage of the State for direct interplay amongst new Start-ups and Govt.
- Karnataka has a Start-up cellular with a selected relationship supervisor and Start-up Portal that helps the registration, software program for Incentives and booster bundle for Start-up s.
- Karnataka state is working together with industry groups such as Nasscom, Iamai, and 91spring tables, among others.
- In Karnataka, the state government is teaming up with academics using the NAIN program to give financial support and connect mentors with start-ups..
- Two technological business incubators (TBI) have been established for commercialization of Research and Development (R&D) and 7 new TBI.
- We support fund guides by offering big, ongoing challenges and targeted funding options, such as the Semiconductor Venture Fund, Bio Venture Fund, and AVGC Venture Fund, among others.
- Government of Karnataka-Mobile TenX Start-up Center in collaboration with IAMAI.
- Back in 2013, the state was one of the first to get a Start-up Warehouse going with NASSCOM. They also launched the Bangalore Bio Innovation Centre (BBC).



NoBroker: Karnataka's Pioneering PropTech Unicorn

NoBroker started in Bengaluru in 2013-14. It was founded by Akhil Gupta, Amit Kumar Agarwal, and Saurabh Garg, who all went to IIT and IIM. The idea behind NoBroker is to cut out the middleman by connecting homeowners and renters directly through a digital platform.



Financial Performance (FY22–FY24)

Revenue and Income

* FY22: Operating revenue jumped 96% to ₹326 crore, up from ₹166 crore in FY21. Total income, which includes other sources, hit ₹370 crore.

* FY23: Revenue really took off, growing by 86.8% to ₹609 crore. Total income came in at ₹683 crore.

* FY24: Operating revenue kept climbing, rising another 32% to ₹803 crore. Total income reached ₹888 crore, with ₹85 crore coming from interest and investments.

Fiscal Year	Total Expenses	Net Loss	Employee Cost	Unit Cost (Rs per ₹ of Op Rev)	EBITDA Margin	ROCE
FY22	₹679 Cr	₹309 Cr	₹262 Cr (39%)	Rs 2.08	-80%	-16%
FY23	₹1,190 Cr	₹506 Cr	₹435 Cr (36.6%)	Rs 1.95	-69.5%	-34%
FY24	₹1,299 Cr	₹411 Cr	₹436 Cr (33%)	Rs 1.62	-42.5%	-37.8%

spending included a lot of general and advertising costs (57% in FY24).

Expenses Losses went up from ₹309 Cr in FY22 to ₹506 Cr in FY23, but then dropped to ₹411 Cr in FY24.

Funding Details:

The company has gotten about \$361–366 million in total funding. A big part of that was a \$210 million Series E round in Nov 2021.

Tiger Global & General Atlantic led that round, which put the company's value at around \$1 billion. briofinancial.com

In March 2023, Google put about \$5 million into NoBrokerHood, which manages services for housing societies.

Ownership Breakdown (Mid-2024)

General Atlantic: About 30–31%

Elevation Capital: Around 16%

Tiger Global: Roughly 14%

Founders (combined): Approximately 16–18%

Growth & Business Structure

They handle roughly 500,000 property deals each year in six big cities: Bengaluru, Mumbai, Delhi NCR, Hyderabad, Chennai, and Pune.

They have over 750,000 listings and 30 million users. They help people save over ₹130 crore each month on brokerage fees.

Almost all of their money comes from property owners' paid subscriptions. They also offer extra services like packing and moving, rental and home loans, interior design, and community management using NoBrokerHood.

Strategic Insights & Challenges

Scale vs Profitability

Our income went up, but we spent too much (especially on random marketing stuff). So, we still didn't make a profit, even though we got better at using our money.

Cost Control Trajectory

We got better at spending less. It used to cost ₹2.08 to make ₹1 in FY22, but now it only costs ₹1.62 (FY24). Our EBITDA and ROCE also got a little better.

Reputation & User Trust Concerns

Lots of folks on Reddit are complaining. They say we held onto their money, posted fake listings, gave bad service, and pushed them to buy more than they needed.

Competition & Regulatory Disputes

We've had problems with broker groups and legal fights (with a company like us, MyGate). Plus, people are watching us closely because we don't talk about being broker-free as much now.

Conclusion:

NoBroker shows how a startup in Karnataka can go from using its own money to becoming a unicorn, thanks to lots of funding and people using it. But, keeping costs down, making money, and having a good reputation are super important for lasting success. NoBroker is working on making each transaction more profitable and fixing trust issues with customers. It's like a symbol of all the good and bad things about the startup scene in Karnataka.

Sample Case studies

Instead of just looking at general numbers, we can learn a lot by looking at specific examples. Here, we looked at three new start-ups in Karnataka: a health-tech company (MedNova Solutions Pvt. Ltd.), an agri-tech company (GreenHarvest Technologies Pvt. Ltd.), and an ed-tech company (LearnSphere Innovations – name changed to protect the founder's privacy).

1. MedNova Solutions Pvt. Ltd. – Health-tech

Quick Facts: MedNova, started in 2019, wanted to create AI diagnostic tools for smaller hospitals. As a Private Limited Company, they could get help from the Karnataka Startup Policy, 2015, especially Clause 4.1, which was supposed to offer easy startup help.

Legal Problems: Too Many Licenses: They needed permission from the Central Drugs Standard Control Organisation (CDSCO) before testing their products, as said by the Drugs and Cosmetics Act, 1940. **Same Rules Twice:** CDSCO's rules were alike to state rules for handling biomedical waste. **Slow Compliance:** The Karnataka Startup Policy said it would offer smooth support, but MedNova said the Single Window Cell mostly gave lists instead of real help.

What happened: The product came out 4 months late. Costs went up by about 12% because they were not making money for a longer time.

2. GreenHarvest Technologies Pvt. Ltd. – Agri-tech Field

About: GreenHarvest, started in 2020, works on soil health monitoring using IoT for small farmers. It's registered as a Private Limited Company and wanted to use Clause 7.2 of the Karnataka Startup Policy for funding and help getting started.

Legal Problems: Tax Issues: It wasn't clear if GreenHarvest should be classified under GST as an agricultural service (no tax) or agricultural input (taxed at 5%).

Conflicts Between Departments: Disagreements about GST meant GreenHarvest had to appeal to both state and central GST groups.

Licensing Problems: Hardware devices needed BIS certification, but the steps for hybrid hardware-software weren't clear.

What Happened: Couldn't get some agricultural subsidies for a year. Had a hard time getting money from venture capital investors because of GST disagreements. Lost 15% of expected revenue in the first year.

3. LearnSphere Innovations – Ed-tech Sector (Anonymised at founder's request)

Background: Started in 2021, LearnSphere created game-based learning tools for schools in rural areas. They applied for trademark protection under the Trade Marks Act, 1999, and software licensing deals.

Legal Problems: Trademark Issues: The trademark registration took over 14 months because of delays at the IP registry. Brand Risk: While waiting for the trademark, two competitors started using similar brand names.

Policy Gap: The Karnataka Startup Policy (clause 5.3) helps with trademark and patent costs, but it doesn't solve the problem of slow procedures.

What Happened: The similar brand names caused a lot of confusion for customers. LearnSphere had to spend an extra ₹8.5 lakhs on marketing to make their brand stand out again. Some investors held off because of the uncertainty about LearnSphere's intellectual property.

Notable Karnataka High Court & NCLT Decisions

1. M/s. Trelleborg India Pvt. Ltd. v. State of Karnataka

Source: M/s. Trelleborg India Private Limited v. State of Karnataka — Writ Petns (Karnataka HC), reported: 2024 (7) TMI 1108;

Facts:

The tax office sent GST show-cause notices (Form GST DRC-01) and recovery orders to an entity that the petitioner said didn't exist anymore because it had been merged with another company. The petitioner, a group of companies, was then targeted for enforcement. The petitioner questioned the legality of sending notices to a non-existent entity and requested the court to cancel the notices.

Legal issues:

- (i) Can GST actions start or continue against a company that no longer exists, like after a merger or name change?

- (ii) Is a show-cause notice valid if it's sent to a company that doesn't exist or is incorrectly named?

Holding:

The Karnataka High Court canceled the notices that were related to the non-existent or incorrectly named entity. The court stated that actions against a company that no longer exists or is wrongly named are invalid and should be overturned. The court based its decision on the principles of correctly identifying the parties involved and on previous cases that stress the need for tax authorities to correctly identify the taxable entity before moving forward.

Reasoning:

The court reviewed the company's history of mergers and orders by the NCLT/ROC to determine that the notices were aimed at an entity that was not legally separate in the way the tax office claimed. It used well-established administrative law principles,

stating that notices and judgments must be directed to the correct legal entity; otherwise, fair practice and legal procedures are undermined. The court differentiated between cases where the entity actually exists and owes tax and cases of mistaken identity.

What this means for startups:

Double-check ROC, merger, and name-change records before responding to GST notices.

If the tax department sends notices to a wrongly named or dissolved entity, courts will consider requests to cancel those actions. - Keep your filings with ROC/GST current so you can quickly prove identity issues.

2. Wipro Ltd. v. Assistant Commissioner of Central Taxes (Karnataka High Court) — GSTR-1 Correction

Reference:

Writ Petition No.16175 of 2022 (T-RES), Wipro Ltd. v. Asst. Commissioner — Karnataka High Court (summaries on tax blogs & firm notes).

Background:

Wipro asked for GST portal access to fix honest mistakes in Form GSTR-1 (invoice info) from past years, so buyers could get their input tax credit. Tax officials had turned down the fix because of technical issues and missed deadlines.

Legal Questions:

Can the court allow GSTR-1 errors to be fixed after the usual deadlines, if the mistakes were honest? Should small procedure errors cause big penalties? Decision: The Karnataka High Court allowed the fix in this case. It said that if mistakes are honest and can be fixed, officials should allow corrections instead of going straight to penalties. The court ordered access and help with procedures based on the specific details.

Reasoning:

The court compared the legal deadlines with the fact that the error was honest. It said the GST system allows for changes, and refusing a correction when there's no bad intent

would cause too much damage, especially to buyers who would lose their ITC. The court interpreted the rules with common sense.

What This Means for Startups:

If young companies make filing errors, they should try to fix them fast. Courts are open to fixing honest mistakes. Save proof that the mistake was an accident (emails, drafts, system logs). Use this legal case as support when talking to tax officials or filing court papers.

3. NCLT (Bengaluru Bench) — Restoration of Company's name / struck-off companies (ROC register)

Sources:

NCLT Bengaluru orders (sample restoration orders in NCLT PDF listings); commentary on NCLT powers and limits (NCLT PDF orders, IBCLaw, archive).

What's This About?

Companies that were removed from the ROC register for not filing things applied to the NCLT (Bengaluru Bench) under Section 252 of the Companies Act, 2013. They wanted their names back on the register, so they could keep doing business.

Legal Questions

* Can the NCLT put a struck-off company's name back on the register? * Can these requests be processed if the company no longer exists?

* What rules should be put in place if a company's name is restored?

What the NCLT Said

The NCLT can restore a name under Section 252 if it believes the company should be brought back (if they pay outstanding fees and file what's missing). The applicant should have valid reasons and meet technical and public interest requirements. The NCLT can't just restore companies on its own if they don't legally exist or it would hurt other parties.

*

Why?

The Tribunal checks if the rules for striking off were followed, if there are ongoing cases, and if restoration is in the public's best interest. Often, restoration depends on meeting past requirements and paying costs.

What This Means for Startups

- * If your startup's name is struck off for not filing, get legal help fast. You can ask for restoration, but you'll need paperwork and to pay what you owe.
- * Restoration can come with strings attached (costs, filings, promises to cover damages).
- * The NCLT is where you go to fix your company's status. Acting fast can keep you from losing your corporate identity for good.

Karnataka State Achievement and Impact in start-ups:

- A fund of funds, worth two hundred crore, is set aside to invest in different fields. There are three big challenges to tackle. were released so far in which 3 proposals had been shortlisted for investment.
- NAIN's first phase involved 9 colleges in tier-2 towns. They chose ninety projects, and so far, they've finished 74 working prototypes. Also, there have been seven incorporations and two patents granted.
- Forty ideas were funded in numerous segments along investment of Rs. Fourteen Cr.

Start-ups Background:

state numerous riding increase of Information & Technology, Electronics production, Biotechnology, Animation and different know-how-primarily based enterprise in the U. S . A . Due to the favorable surroundings for entrepreneurship and start-ups within the country. The nation boasts over 5,000 Start-up s hooked up in Kartanka capital Bangalore. In the Global Start-up Ecosystem Ranking, Bengaluru is ranked fifteenth. It's the only Asian city besides Singapore to show up in the top 20. Plus, it's the

world's second-fastest-growing start-up scene

Enable improvement of now not less than 25 socially impactful modern generation solutions throughout healthcare, meals protection, inexperienced surroundings and training.

The Karnataka State also lets in self-certification with the aid of way of registered start-ups under numerous Labour and Environment legislations in karnataka

Enablement:

Start up Cell:

Karnataka state has installation particular begin-up Compartment that is supposed to engage with Start-U.S.A. And make certain easy implementation of the begin-up Policy and function a one-forestall-store for statistics regarding Regulatory Environment, Incentives and events. After registration with begin-up Cell of the start-up, a relationship supervisor renders handholding to begin up with the aid of informing it of all the blessings below start-up Policy and other state schemes, together with incubation, investment, incentives, getting access to mentors and advertising platforms and many others.

Open House:

The IT & BT minister calls an open house to hold a member of the start-up community monthly in relationships such as politics, start up to infrastructure, earn and encourage and encourage and to solve any question, if any issues arises.

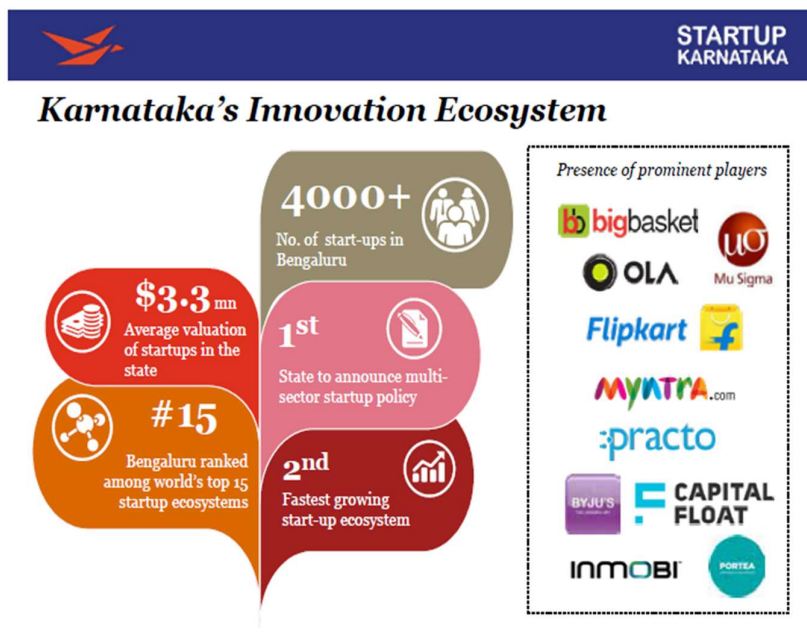
Start-up Council:

Besides the ones, a start-up Council has been mounted underneath the chairmanship of the Chief Minister of Karnataka with members from unique sectors and senior Government officers as member for an annual assessment of the coverage implementation.

Incubators:

The Karnataka Govt. has started working to boost innovation and new business by teaming up with businesses and schools. They've partnered with groups like NASSCOM, IAMAI, and 91SpringBoard, among others. Popularity quo of incubation centers and to increase mentorship and networking alternatives to Start-up s. Financial assist to identified thoughts for prototyping and incubation for a period of 365 days is given and exposure visits for potential constructing for region particular generation are arranged.

| STARTUP INDIA |








Funding Initiatives

Multiple Opportunities for Startups

<p>1 Semiconductor Venture Fund</p>	<ul style="list-style-type: none"> • Fund size of ₹100 crore • ₹20 crore disbursed • ₹20 crore under consideration
<ul style="list-style-type: none"> • Fund size of ₹50 crore • Registered with SEBI • Disbursement will start shortly 	<p>2 Bio Venture Fund</p>
<p>3 AVGC Venture Fund</p>	<ul style="list-style-type: none"> • Fund size of ₹20 crore • Registration with SEBI under progress
<ul style="list-style-type: none"> • Fund of funds for ₹200 crore for investment in various daughter funds • Reimbursement for patents, marketing expenses, VAT/CST for startups and incubators, Service tax 	<p>4 Other Funds and Incentives</p>



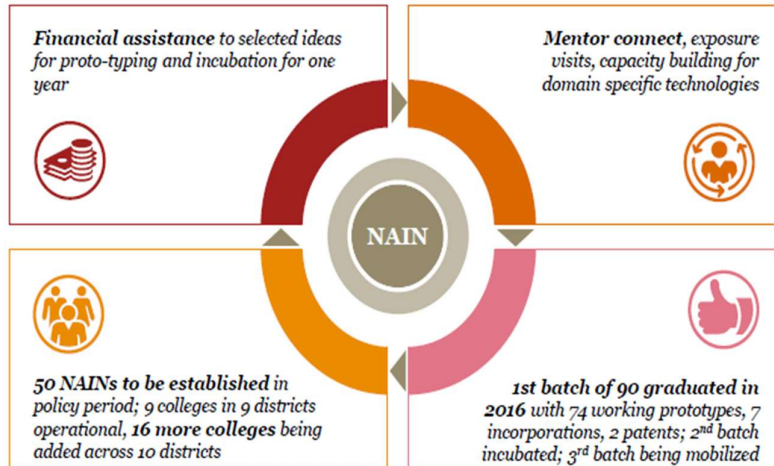
Govt. of Karnataka Supported Incubators

<p>GoK - Startup Warehouse at NASSCOM</p>	<p>GoK - Mobile 10X Accelerator at IAMAI</p>
 <p>55 Startups Incubated 350 Seats 36,000 sq. ft. built-up area</p>	 <p>22 Startups Incubated 100 Seats 10,000 sq. ft. built-up area</p>
<p>PPP – 91SpringBoard Incubator</p>	<p>GoK - GoI - NASSCOM IoT CoE</p>
 <p>32 Startups Incubated 150 Seats 15,000 sq. ft. built-up area</p>	 <p>8 Startups Incubated 15 Seats 8,000 sq. ft. built-up area</p>



Partnership with Academia through NAIN

Encouraging Innovation and Entrepreneurship



Presentation by the State



Funding through Grand Challenges

Channelizing Innovation for Social Impact



3 challenges floated, 3 proposals selected for initial funding in 1st challenge; Review of 2nd challenge completed; Review of 3rd challenge has begun

CHAPTER VI

RECOMMENDATIONS

- Streamlining the Business Registration Process: Let's lessen the crimson tape and undertake a digital-first strategy.
- Streamlining Compliance Requirements: We must devise a holistic regulatory gadget that makes feel.
- Overhauling Taxation Policies: It's time to address the ones niggling angel tax troubles and the complexity of GST.
- Fortifying Intellectual Property Protection: We must expedite the processing of patent and trademark programs.
- Reforms in Labor Law: Let's add extra flexibility to employment and hiring practices.
- Supporting the Start-up Ecosystem: We need to give a boost to felony and financial consulting services for Start-up s.
- Encouraging Legal Awareness: It is vital to inspire Start-up s to avail professional criminal recommend.
- Encouraging Foreign Investments: We need to loosen up FDI laws and simplify the process of compliance so that you can attract extra investments.

Policy Advice

- * One-stop Startup Portal: Combine all state and federal registration, licenses, and compliance steps into one online platform with clear instructions.
- * Speedy Licensing for Key Sectors: Set approval deadlines (like 15 days) for important fields such as fintech, biotech, and clean energy.
- * Informative Legal Programs: Work with incubators and schools to run required legal workshops for new founders.

Procedural/Legal Changes

* **Make Registrations Easier:** Let start-ups do a one-time digital KYC that covers GST, labor, and municipal registrations.

* **Pre-Incorporation Legal Help:** Set up government advisory desks in Bengaluru, Mysuru, and Hubballi to guide start-ups through the Companies Act and Incorporation Rules.

* **Startup Court in NCLT:** Form a quick way to handle disputes about incorporation, licensing, and shareholder issues to cut down on legal delays for start-ups.

Conclusion

Karnataka may have a thriving Start-up surroundings, however that doesn't imply it's far freed from its own fair quantity of regulatory and criminal challenges. With nicely-concept-out coverage reforms and better felony assistance, the country can go a long manner in enhancing ease of doing enterprise and solidifying its function as India's Start-up hub. Making policies simpler, boosting highbrow property safety, and creating a extra friendly enterprise surroundings will entice and help innovative Start-up s. The suggestions on this research have the objective of molding a more entrepreneurial criminal framework that promotes entrepreneurship and fuels financial boom.

Start-up India is A Govt. of India flagship program aiming to create a vibrant eco-machine for new innovation and Start-ups in India so that it will lead to sustainable financial boom and employment possibilities in massive scale. The Government ambitions thru this application to permit Start-up s to scale up via innovation and layout.

Starting a business in Karnataka has its ups and downs. The Karnataka Startup Policy of 2015, Startup India, and DPIIT recognition have made things easier when it comes to setting up shop, getting licenses, and following the rules. Because Karnataka is a tech and innovation center, the government is offering some good deals, like paying back patent costs and offering special business incubator spaces.

Even though the case study gives a detailed look at some companies, it shows that policy gains don't always turn into real-world ease of doing business. Issues like duplicate rules under the Companies Act, 2013, and the Companies (Incorporation) Rules, 2014, slow licensing for certain sectors, and inefficient DPIIT recognition steps are still big problems. The High Court and NCLT cases we looked at show that even start-ups with money and good tech can struggle if they don't stay on top of legal rules.

Though Karnataka is doing well compared to other states, it has competition from states like Telangana and Maharashtra, which are also good for innovation. This means Karnataka needs to keep making its legal and process environment better. Fixing awareness gaps, improving how regulators work together, and using tech to smooth processes will be critical. This will make sure start-ups can go from ideas to selling products without getting stuck on legal problems.

- Best advertising movement in an effort to generate more process possibilities to the young and dynamic people.
- This plan will directly assist people in starting their own successful businesses.
- Help our state show off skills in young people through their growing global businesses.
- The government should reduce compliance burden” → “The MCA could introduce a simplified compliance framework for early-stage startups through a revised SPICe+ Form



Bibliography & Citation

1. Department of Administrative Reforms & Public Grievances, Start-up India – Best Practices (2020), https://darpg.gov.in/sites/default/files/Start-up%20India%20-%20Best%20Practices_0.pdf.
2. Department for Promotion of Industry and Internal Trade (DPIIT), Start-up India Portal, <https://www.startupindia.gov.in/>.
3. Start-up India: Boosting Entrepreneurship, MBAUniverse.com (Jan. 2024), <https://www.mbauniverse.com/group-discussion/topic/business-economy/start-up-india-boosting-entrepreneurship>.
4. Invest India, Start-up India – National Report (2023), https://www.startupindia.gov.in/content/dam/invest-india/compendium/Start-up%20India%20-%20National%20report_Final%20Version_web.pdf.
5. Start-up India, Wikipedia, https://en.wikipedia.org/wiki/Start-up_India.
6. Gerald Benjamin & Joel Margulis, Angel Capital 25 (2005).
7. Steve Blank, Why the Lean Start-up Changes Everything, Harv. Bus. Rev., May 2013.
8. Bootlaw, Up, Up and Away: Should You Be Thinking About Venture Debt?, <http://bootlaw.com> (last visited Aug. 10, 2025).
9. B.C.M. Brown, Sisterhood Angels Businesses, Feb. 2016, at 61–66.
10. Press Information Bureau, Ministry of Environment, Forest & Climate Change & S. Prakash, Environment Ministry Releases New Categorisation of Industries (2016).
11. RNB Global University, *Home Page*, <https://www.rnbglobal.edu.in> (last visited Aug. 10, 2025).
12. Department of Administrative Reforms & Public Grievances, *Home Page*, <https://darpg.gov.in> (last visited Aug. 10, 2025).
13. ShodhGangotri, *Home Page*, <https://shodhgangotri.inflibnet.ac.in> (last visited Aug. 10, 2025).
14. DocsLib, *Home Page*, <https://www.docslib.org> (last visited Aug. 10, 2025).
15. PDFCoffee, *Home Page*, <https://www.pdfcoffee.com> (last visited Aug. 10, 2025).
16. *Indian Startup News*, *Home Page*, <https://indianstartupnews.com> (last visited Aug. 10, 2025).

17. *Make Digital Indian, Home Page*, <https://www.makedigitalindian.com> (last visited Aug. 10, 2025).
18. *Startup Talky, Home Page*, <https://startuptalky.com> (last visited Aug. 10, 2025).
19. *TPNS India, Home Page*, <https://www.tpnsindia.org> (last visited Aug. 10, 2025).
- 20 . MBAUniverse.com, Start-up India: Boosting Entrepreneurship (Jan. 2024), <https://www.mbauniverse.com/group-discussion/topic/business-economy/start-up-india-boosting-entrepreneurship>.
- 21 . Steve Blank, Why the Lean Start-up Changes Everything, Harv. Bus. Rev., May 2013.
- 22 https://en.wikipedia.org/wiki/Startup_India
- 23 <https://www.startupindia.gov.in/>
- 24 <https://yourstory.com/2016/01/start-up-india-narendra-modi>
- 25 <https://smallbiztrends.com/2019/03/startup-statistics-small-business.html>
- 26 <http://vikaspedia.in/social-welfare/entrepreneurship/startup-india-1/startup-india>
- 27 <https://inc42.com/features/how-successful-is-pm-modis-startup-india-programme-heres-the-numberspeak/>
- 28 <http://www.iitbbs.ac.in/startup-centre-objectives.php>
- 29 <https://indianmoney.com/articles/government-loan-for-business-startups-in-india>
- 30 <https://inc42.com/features/fund-of-funds-startups-funding-startup-india/>