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**SHRI DHARMASTHALA MANJUNATHESHWARA  
LAW COLLEGE, CENTRE FOR POST GRADUATE  
STUDIES & RESEARCH IN LAW,  
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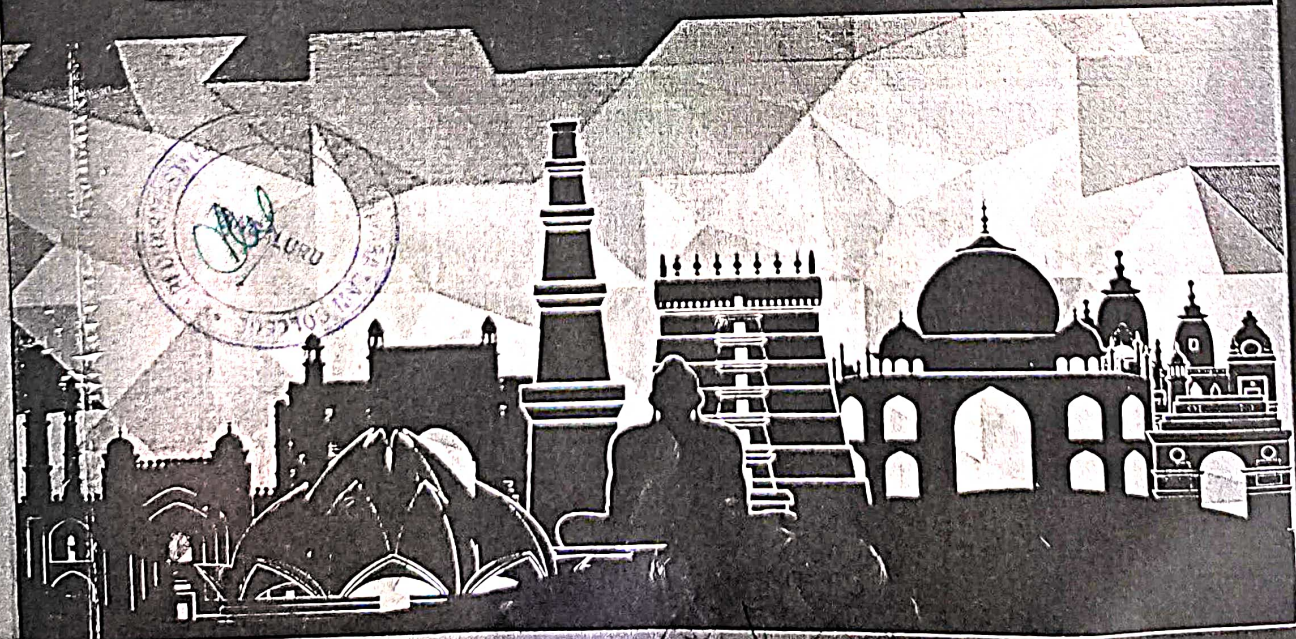
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**"START - UP INDIA**  
**SOCIO-ECONOMIC OPPORTUNITIES**  
**AND CHALLENGES:**  
**A LEGAL PERSPECTIVE"**

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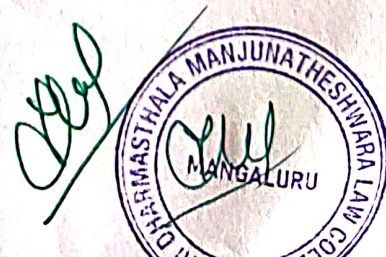
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# Start-Up India Socio-Economic Opportunities and Challenges: A Legal Perspective

Dr. Ashwin P. Nirupama D.

### Abstract

With the inflow of new-fangled ideas and notions of entrepreneurs, the resultant brainchild of theirs is start-ups. According to the Economic Survey 2021 – 2022, the number of start-ups has increased to 14,000.<sup>1</sup> The government has launched several schemes and programs to promote the growth of start-ups. The Budget of the year 2022-23 allocates Rs 283.5 crore for the Start-up India Seed Fund Scheme.<sup>2</sup> Not long ago, in a written reply to a question in the Rajya Sabha, Minister of State for Commerce and Industry, Som Prakash acknowledged that Start-ups and the entire technology ecosystem are the engines of growth for any country.<sup>3</sup> He also stated that recognising this aspect the Government of India launched the Start-up India initiative on 16<sup>th</sup> January, 2016. This initiative was with the objective of building a strong ecosystem for nurturing innovation and entrepreneurship in the country, adding that all initiatives are implemented across states, cities, towns, and rural areas<sup>4</sup>, providing large-scale employment opportunities and importantly, foster start-up culture. An Action Plan for Start-up India was also unveiled.<sup>5</sup>

India has witnessed the rise of 15,400% in the number of start-ups, from that of 471 in 2016 to 72,993 as on 30<sup>th</sup> June 2022.<sup>6</sup> Nonetheless, start-ups are small business units operating with limited resources and experience. Time after time, these small business units face several legal and economic challenges affecting their growth and expansion. Often they find in serious trouble due to non-compliance with the law. The problems faced by start-ups in India are common for all the start-ups resulting in the imposition of fines and penalties later. This creates a deep impact on the limited capital and other

resources of the start-ups.<sup>8</sup> Therefore, at this juncture this paper analyses the issues involved in start-ups and some initiatives by the government to overcome the same.

### Introduction

"A start-up is a cohesion of entrepreneurial talent, involved in developing new inventions in two ways i.e., identifiable and investable form, in progress to validate and capture the worth of and to grow in a fast manner with a scalable business plan for the paramount impact."<sup>9</sup> Start-ups are usually small growing companies founded by one or more entrepreneurs who wish to carry out business and are at their initial stages of operation with a limited amount of capital and experience. Start-ups are involved in innovation, working on shortcomings of existing products or creating a new set of goods and services. Most of the start-ups are technology-oriented and well-focused on growth potential. Few examples include Udan, Ola, Razorpay, Pharm Easy, CRED, etc. which are the latest start-ups in India.<sup>11</sup> A start-up is a business or initiative started by an entrepreneur with the goal of finding, developing, and validating a scalable business model. Start-ups are usually started by a single founder (solo founder) or a group of co-founders who have a solution to a specific problem.<sup>12</sup> Despite these precautions, start-ups encounter a fair share of teething troubles in the arena of law. In this regard, the paper focuses on the legal issues pertaining to start-ups in India and the various governmental initiatives undertaken by the Indian Government to overcome the same.

### Legal Issues Faced by Start-Ups in India<sup>13</sup>

1. Issues pertaining to licensing and permits
2. Marketing and advertising
3. Zonal Laws Concerning Infrastructure
4. Data Privacy and Protection Concerns
5. Protection of Intellectual Property Rights
6. Legal Documents and Agreements
7. Tortious Liabilities in Contract Management
8. Hitch in the determination of the Business Structure
9. Ethical Issues
10. Corporate Governance for Start-ups

● **Issues pertaining to licensing and permits** : Start-ups may require various licenses, permissions, or permits to execute their ideas and due to lack of legal knowledge the start-up may end up paying penalties and may sometimes turn out to be unethical or illegal. The requirement of licenses, permits, and permits may vary from business to business, so before

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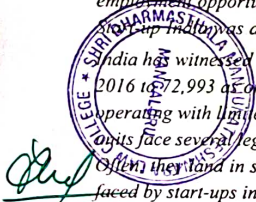
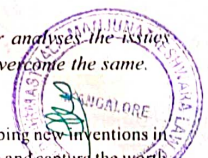
<sup>3</sup> India Brand Equity Foundation (IBEF), 'Economic Survey 2021-22', accessed 8<sup>th</sup> September 2022

<sup>4</sup> Ministry of Finance, Government of India, 'Economic Survey 2021-2022', <https://www.indiabudget.gov.in> accessed on 8<sup>th</sup> September 2022

<sup>5</sup> ANI, 'Number of start-ups in India grows to 72,993 in 2022 from 471 in 2016' (The Times of India, 23 Jun 2022), <https://timesofindia.indiatimes.com> accessed on 8<sup>th</sup> September 2022

<sup>9</sup> Start-up Solutions, 'Legal requirements for startups in India' (Especia, 18 February 2022), <https://especia.co.in/post/legal-requirements-for-startups-in-india/> accessed on 8<sup>th</sup> September 2022

<sup>11</sup> Jui Shekhar Kadam, 'Legal challenges faced by start-up while raising funds' (Ipleaders, 15 November 2021) <<https://blog.ipleaders.in/legal-challenges-faced-by-start-up-while-raising-funds/>> accessed on 9<sup>th</sup> September 2022



starting a business the person should be aware of the local laws, rules, and regulations. The other issue with respect to licenses is that it is not quick and easy to get licenses from government authorities and it is a costly affair and a time-consuming process. Some of the licenses required by the companies are registration certificates, GST registration, FSSAI license, import and export code, Udyog Aadhar registration, etc.<sup>14</sup>

**Licenses and Permissions** – Dealing with goods or services which requires license like alcohol/alcoholic beverages, electricity, guns, and medicines, prohibited crops like marijuana or opium, tobacco, food products, human organs, etc. without obtaining proper licenses from the concerned governing bodies may attract criminal charges which may result in imprisonment or heavy fines and penalties. A firm's smooth operation requires that it invest its resources in productivity. Fire permits and safety registration should be obtained by the start-up. The advantage of getting registrations is that it not only protects you from legal entanglements, but it also allows you to take advantage of government programmes, which may help you access loans, tax breaks, and other benefits.<sup>15</sup> The start-up India registration system should be used to register new businesses.<sup>16</sup>

**GST registration** – In the current scenario most start-ups are looking at their future as an e-commerce business for which GST registration is mandatory, the businesses whose turnover is equal to or more than 40 Lakhs, should get themselves registered, the process of registration is called GST registration, there are certain kinds of business who should get GST registration failure to which is considered as an offense.<sup>17</sup>

● **Marketing and advertising** : Advertisement and marketing are very important for any start-up or any other forms of business but advertising false claims, obscene, scandalous, or seductive advertisements may give rise to serious criminal penalties, and it may blow away the goodwill and reputation of a firm and for start-ups, such mistakes may be like stepping over a small growing seedling. Some examples of prohibited advertisements are – “Tobacco Prohibition Act” prohibits all kind of direct or indirect advertising of tobacco and tobacco products. The Food Safety, and Standards Act, 2006 prohibits advertising of infant formula in order to encourage breastfeeding of infants, physicians under Indian Medical Council Regulations, 2002, legal services under Bar Council of India Rules, pre-natal sex determination services under The Prenatal Diagnostic Techniques Act, 1994, religion-related, comparative advertising, deceptive or misleading advertising.<sup>18</sup>

For instance, the World Health Organization has also prohibited the sale and marketing of infant formula like Nestle after it faced a lot of criticism worldwide for being accused of violating ethical marketing codes and manipulating customers with misleading nutritional claims about its baby milk formulas by comparing it with mother's milk.<sup>19</sup> Recently Tanishq

<sup>14</sup> Anubhav Gupta, 'India: Legal and Ethical Issues Faces By The Start-Ups In India' (mondaq, 03 March 2021) <<https://www.mondaq.com/india/trademark/1042036/legal-and-ethical-issues-faces-by-the-start-ups-in-india>> accessed 8<sup>th</sup> September 2022

<sup>15</sup> Ibid

<sup>16</sup> Dhimaan Dutta (n 10)

<sup>17</sup> Anubhav Gupta (n 12)

<sup>18</sup> Anubhav Gupta and Pranav Dixit, 'Legal and Ethical Issues Faces By The Start-Ups In India'

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faced a lot of criticism for violation of ethical marketing norms for hurting the religious sentiments of the people.<sup>20</sup> Myntra was forced to change the appearance of its “M” logo after an FIR was launched against it that its mark was obscene.<sup>21</sup>

● **Zonal Laws Concerning Infrastructure** : Allocation of property for the purpose of the office, warehouse, service centre, manufacturing units, etc. is another major challenge for start-ups in India. The start-ups should be aware of local laws regarding the commercial use of agricultural land/ school/ hospital property. In India land comes under the domain of state government and the laws related to land vary from state to state. The start-up must be aware of the zonal laws, zonal laws are the regulations that deal with the use of land in a particular area. For example, the local municipal authority in an area can pass a law forbidding the use of any property or land for industrial or commercial purposes, as it is a residential area. The purpose of the zonal laws is to separate residential areas from commercial areas. In case a person plans to operate a business from his residence he/she may be required to take necessary permissions from the local municipal authority, town planning authority, landlord (if the property is being used by the tenant). When a residential property is being used for a commercial purpose the property tax also changes when a property is used for commercial purposes then the tax rate will be higher in comparison to the residential property.<sup>22</sup>

● **Data Privacy and Protection Concerns** : In the era of digitalization everyone is using any kind of internet device, be it a smartphone or computer. The Covid-19 pandemic was like an icing on the cake for the field of digitalization and many businesses, offices courts shifted their work to the online mode which brings huge opportunities for the start-ups. In the digital world privacy is a myth. For example, suppose if you download and log in to Health kart to check some supplements you enter your phone number, address, name and check the terms and conditions popup even without reading it, what happens to your details like your phone number, address? And next time when you open YouTube or Google Chrome you will get to see ads based on what you searched on Healthkart. The Start-ups and other e-commerce businesses record and use personal details including the search history. Thus, it can be said that start-ups should not access the private details of the users without their permission, or they should not ask for the permissions which are not needed by their website or application. The start-ups should give importance to the privacy of the users. It could be done by drafting a privacy policy in a short, simple, and summarized manner and in regional language so that before signing in to any application the user may easily read and understand the privacy policy, terms, and conditions. The start-ups should also enter into an agreement with their users that they will not share or use the personal details of the users which in turn will help the start-up itself in gaining goodwill and trust of the people. In the privacy policy agreement, the start-up should disclose what personal information is collected by the site, how the information will be shared or sold to the third party.<sup>23</sup>

<sup>20</sup> ICMR, 'Tanishq Ad Controversy: Need to Deal Cautiously with Social Issues' (2020-21) IBS Centre for Management Research <<http://www.icmrindia.org/casestudies/catalogue/Marketing/MKTG435.htm>> accessed 9<sup>th</sup> September 2022

<sup>21</sup> ET Now Digital, 'Myntra forced to change its "obscene" logo - what the controversy is about' (ETNowNews.com - 02 February 2021) <<https://www.timesnownews.com/business-economy/com>>

Razorpay, an eight-year-old Bengaluru start-up that acts as a payment gateway, unwittingly kicked up a storm after it became known that it had been compelled to supply customer data in a police investigation against Alt News.<sup>24</sup> Razorpay users are quite right to ask why the firm gave Alt News donors' data to the police so easily, potentially leaving customers vulnerable to harassment for their political views, though Razorpay did not have a choice but to submit the said details.<sup>25</sup> For companies like Razorpay or any other start-up, the only hope lies in a data protection law, which has already been five years in the making. It may help them build trust if service providers are required to provide colour codes indicating whether a particular piece of personal data obtained by them will be given to the police on demand or if at least a court order will be required first. This deserves a further layer of protection.

● **Protection of Intellectual Property Rights**

Intellectual property rights are like the heart and soul of any start-up. The issue with intellectual property rights is a two-faced problem. On one hand, many start-ups make their own innovation. They have a fear of their idea being stolen or copied by some other business. On the other hand, if the product or service that the start-ups are selling has already been protected then this could land the start-ups into the issues of intellectual property breaches. The intellectual properties which a start-up needs to protect include trademarks, copyrights, patents, etc.<sup>26</sup> The requirement of intellectual property rights protection may be different from one start-up to another. Start-ups should seek to protect the following intellectual property rights:

**Patents** – In case a start-up is dealing with any technical thing or a technical process of performing a thing then it should go for product patent or process patent. The patent right is a negative right that will allow the patent owner to make exclusive commercial use of his invention and prohibits others from using it.

**Copyright** – A start-up can get copyright of its software application, magazines, articles, research work, etc. presented on paper or other literary or artistic work.

**Trademark/Service mark** – The start-ups should be careful while deciding and registering their trademarks or trade name. It should be easy to pronounce, it should be attractive, distinctive. International implications of the marks should also be considered, they should look for the mark they are deciding to choose on the IP India website or simply by making a google search. Trademark or service mark is an identity of a business or a service provider.

**Trade Secrets and Confidentiality Agreements** – Trade secrets are the most important right held by an entrepreneur, a secret will not be secret anymore if it leaks and gets into the knowledge of many people. To protect trade secrets, the start-ups should enter into a confidentiality agreement / non-disclosure agreement with their partners and employees.<sup>27</sup>

● **Essential Legal Documents and Agreements**

An agreement enforceable by law is known as a contract. A start-up must be careful while drafting a contract as well as while signing it. A start-up goes through several contracts with suppliers, employees, and others. For purpose of reference, it would be ideal for a start-up to go through the sample contracts available online of pre-existing companies which may help them to draft a good contract.

**Agreement with co-founders** – The start-ups should make a proper deal with the co-founders/partners in a written form to avoid any kind of dispute in the future with respect to distribution of profits, capital investment, roles, and responsibilities of the co-founders, salaries, decision making, percentage of ownership of each founder, goals of the business, etc.

**Confidentiality agreements** – Confidentiality agreements are also known as non-disclosure agreements (NDAs) which impose a duty on the parties that they will not disclose any secret information or idea of the firm to any outsider as well as the consequences in case of a breach of NDA. The start-ups should get into a confidentiality agreement with their employees, co-founders, or whoever holds the confidential information or idea of the start-up to protect their ideas.

**Contract with service providers** – While making any contract with any service provider or supplier the contract must be drafted carefully and it should include all the major and minor details which should include timings, quantity, quality, cost, etc and it should also mention the jurisdiction and dispute resolution mechanism in case of conflict.

**Employment Contracts** – An employee in a start-up should sign the offer when hired. It must entail all necessary directions and information with respect to work, as in office timings, salary, job description and position, terms, and conditions for termination of employment, etc. The start-ups should avoid going through traditional and lengthy methods of drafting contracts, and the use of legal maxims and legal jargons. The contracts should be simple, concise, and easy to understand even by a layman.<sup>29</sup>

● **Tortious Liabilities in Contract Management**

Tortious liabilities may arise when someone does or omits an act prohibited by law. Start-ups are liable to face tortious liability which may arise as strict liability. The rule of strict liability is deduced from the famous *Rylands v Fletcher*<sup>30</sup> case. Start-ups should be careful in the management of raw materials, noise, fire, vibrations, smell, etc. Let's say, a start-up is involved in making and delivering lunchboxes to nearby offices and homes and on one unfortunate day the gas cylinder catches fire and burns down the adjoining houses. The start-up may have to face heavy penalty due to the theory of strict liability.

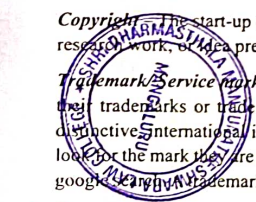
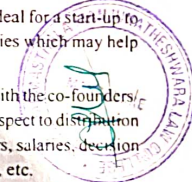
● **Hitch in the determination of the Business Structure**

Many start-ups are conflicted in deciding an ideal business structure for their start-up as the business structure may vary from business to business and one business structure could be good for one may be bad for the other in terms of risk, several people involved, sharing of profits, liability, taxation, annual meetings, and registration, etc. Following are some most

<sup>24</sup> Andy Mukherjee, 'Why data privacy has become a nightmare for Indian start-ups' (*Live Mint*, 11 July 2022) <<https://www.livemint.com/news/india/why-data-privacy-has-become-a-nightmare-for-startups-11657584706201.html>> accessed 11 September 2022

<sup>25</sup> *ibid*

<sup>26</sup> *ibid*



**Sole proprietorship** – This structure is ideal for those who like to have total control over their business and the best thing about this structure is that the proprietor enjoys all the profits alone. This structure is very popular because of its easier taxation structure. One disadvantage is that the liability of a sole proprietor is unlimited. Here, the capacity to raise capital is very limited.

**Limited Liability Company** – This business structure is most suitable when the business is unstable or risky. The best thing about this structure is that the liability is limited and on the other hand, expenses involved are comparatively higher than sole proprietorship business.

**Partnership firm** – This business structure is suitable when more than one people are involved in the business and the agreement between them is governed by the partnership deed which implicates that the profit is to be shared amongst them.<sup>32</sup>

When finalizing a business structure, it is also important to make sure that all the necessary agreements pertaining to the start-up, the Articles of Association, Memorandum of Association, and co-founders' agreement are in place. This is to ensure that there are no legal complications when a dispute arises in the future.<sup>33</sup>

**Ethical Issues**

The purpose of a start-up is to earn profit but while earning profit ethics should not be ignored. The start-ups should comply with the laws and regulations and at the same time, it should not forget its duty towards the community, people, customers, and the company.

**Duties towards the customers** – The start-ups should not indulge in any kind of activity which may be detrimental to the interest of the customers, the start-ups should accept the feedback from the customers and should take care of the after-sale services and assist the customers. A start-up can grow only with the help of satisfied and happy customers.

**Duties towards the employees** – The employees for a start-up are integral to the growth and functioning of a start-up. The start-up should legally and ethically give regard to the rights of the employees. They should be given proper treatment, timely payment of salary and allowances, proper grievance redressal system to maintain healthy growth of the start-up.

**Duties towards the environment** – Start-ups should be careful not involve in any activity which may have a negative impact on the environment.

**Duty towards the start-up** – The employees should work hand in hand for the growth of the start-up.

**Duties towards the community** – Start-ups should be careful that they should not in any manner harm the sentiments of the people and they must adhere to follow the corridor for the betterment of the society.

**Issues with respect to Labour laws** – It would be wise for a start-up to be well-versed with the labour laws and the local laws to deal with legal as well as ethical responsibilities though start-ups are exempted from labour inspection as per the Start-up initiative.

**Use of deceptive or inappropriate marks** – Since the launch of the Make in India initiative by the PM Narendra Modi Government in September 2014, many businesses and start-ups have been seen using the Make in India logo on their products to market their products in the name of the country and befooling people. Back in 2016, a Noida-based start-up named Ringing Bells announced the launch of a smartphone named Freedom 251 at exceptionally low cost with an advertisement which consisted of India's tricolour flag and later, the company ended up being a scam. The start-ups should keep in mind that they should not use any mark or emblem or logo which is prohibited by law from use<sup>34</sup> as governed under the Emblems and Names (Prevention of Improper Use) Act, 1950.<sup>35</sup>

**Dealing with counterfeit goods** – The start-ups should avoid the sale or promotion of counterfeit products. The US Trade Representative (USTR) office's 'Notorious Market' Report has marked Snap deal and Amazon for the sale of counterfeit products.<sup>36</sup> The sale and promotion of such goods are detrimental to the start-up's reputation, the manufacturer as well as the consumers.<sup>37</sup>

**Corporate Governance for Start-ups**

The company has been given rules on how to direct or govern itself so that it may achieve its goals and objectives in a way that adds value to the organization and benefits all stakeholders in the long run.<sup>38</sup> The company governance is carried out and is based on accountability, fairness, transparency, and responsibility.<sup>39</sup> The challenges faced by start-ups in establishing good corporate governance includes insider trading as it entails the misuse of secret information, which is unethical and amounts to a breach of a fiduciary duty of trust and confidence. Disclosure, Accountability, and Transparency are nitty-gritties in an organisation. Succession planning and judicial reforms are fundamentals to be devised to lessen inefficiency and incorporate Alternative Dispute Resolution (ADR) mechanisms for speedy redressal.<sup>40</sup>

**Compliance and Measures: The Way Out**

In India, start-ups must adhere to several regulations imposed by numerous statutes. These responsibilities include filing tax and other returns on a regular basis, having board and other meetings, and keeping statutory books and accounts, among others.<sup>41</sup> Appointment of Auditor is important to understand if a company is presenting accurate financial information.<sup>42</sup>

<sup>34</sup> Anubhav Gupta (n 16)

<sup>35</sup> ibid

<sup>36</sup> ibid

<sup>37</sup> Office of the United States Trade Representative, Executive Office of the President, '2020 Review of Notorious Markets For Counterfeiting and Piracy' <[https://ustr.gov/sites/default/files/files/Press/Releases/2020%20Review%20of%20Notorious%20Markets%20for%20Counterfeiting%20and%20Piracy%20\(final\).pdf](https://ustr.gov/sites/default/files/files/Press/Releases/2020%20Review%20of%20Notorious%20Markets%20for%20Counterfeiting%20and%20Piracy%20(final).pdf)> accessed 10 September 2022

<sup>38</sup> Saakshi Gupta, 'Need of Corporate Governance in start-ups' (Negotium Lex, 24 August 2020), <<https://www.negotiumlex.com/post/need-of-corporate-governance-in-startups>> accessed 10 Sept. 2022

<sup>39</sup> Dastawezz, 'Legal Challenges faced by a Start-ups in India' (Dastawezz-Legal Documentation Made Easy) <<https://dastawezz.com/2021/06/08/legal-challenges-faced-by-a-startups-in-india/>> accessed 10 September 2022

<sup>40</sup> Supra Note 37

Anubhav Gupta (n 16)

ShrutiavSheth, Choosing the Right Business Structure for Your Start-up (02 January 2020), <https://www.linkedin.com/pulse/choosing-right-business-structure-your-start-up-shrutiavsheth/>



An annual general meeting of the shareholders of a corporation is required to be conducted every year.<sup>43</sup> Board Meetings are a compulsory supplement.<sup>44</sup> Every director is required to file annual reports detailing their directorships in other companies. This must be done in writing, and an official report has been given.<sup>45</sup> Assessment of tax liability and periodic payment of income tax, payment of GST liability, etc., Regulatory Assessment of business under several laws (for example, the Environment Protection Act<sup>46</sup>, the Money Laundering Act<sup>47</sup>, the Competition Act<sup>48</sup>, and so on) are necessary.

**Government Initiatives on Start Ups in India**

The Department for Promotion of Industry and Internal Trade (DPIIT) has recognised start-ups which are spread across 56 diversified sectors. More than 4,500 start-ups have been recognised in sectors relating to emerging technologies. Department of Science and Technology (DST) had launched an umbrella programme called National Initiative for Developing and Harnessing Innovations (NIDHI) in year 2016 for nurturing ideas and innovations (knowledge-based and technology-driven) into successful start-ups.<sup>49</sup> Financial support, as seed support was provided for converting ideas into prototypes, through Accelerators, and creating Centres of Excellence (CoE) in incubation. To promote innovation in biotechnology sector, the Department of Biotechnology, through Biotechnology Industry Research Assistance Council (BIRAC), supports and nurtures start-ups in the Biotechnology sector, like the BioNEST Scheme (Bio incubators Nurturing Entrepreneurship for Scaling Technologies) and Biotechnology Ignition Grant (BI) schemes.<sup>50</sup>

In order to promote innovation and agripreneurship by providing financial support and nurturing the incubation ecosystem Department of Agriculture & Farmers Welfare under the Rashtriya Krishi Vikas Yojana- Remunerative Approaches for Agriculture and Allied Sector Rejuvenation (RKVY-RAFTAAR) scheme has launched "Innovation and Agri-entrepreneur Development" programme, as a component.<sup>51</sup> The Innovations for Defence Excellence (iDEX) was launched by the Department of Defence Production, Ministry of Defence, with the aim to achieve self-reliance and foster innovation and technology development in Defence and Aerospace. The start-ups receive up to Rs 1.50 crore as grant and also receive enormous support from partner incubators at IITs, IIMs and other private incubators spread all over the country. Under the Atal Innovation Mission, the Government has set up Atal Incubation Centres (AIC) and launched Atal New India Challenge (ANIC) program to directly aid start-ups with technology based innovations that solve sectoral challenges of national importance and socio-economic relevance. The government has also operationalized 26 Centres of Excellence (CoE) in diverse areas of national interest for driving self-sufficiency and creating capabilities to capture new and emerging technology areas.<sup>52</sup>

<sup>43</sup> Annual General Meeting, Companies Act 2013 s 96(1)  
<sup>44</sup> Meetings of Board, Companies Act 2013 s 173  
<sup>45</sup> Financial Statement and Directors Report, etc., Companies Act 2013 s 134  
<sup>46</sup> Environment Protection Act, 1986  
<sup>47</sup> The Prevention of Money Laundering Act, 2002 enables the Government or the public authority to confiscate the property earned from the illegally gained proceeds.  
<sup>48</sup> The Competition Act, 2002

**Conclusion**

Akin to any other business entity, start-ups are imperilled by various factors like social, economic, legal, technical, environmental, and political factors. Thus, the outlay of start-ups in India, is not without its difficulties. A crucial issue pertaining to start-ups, is the distribution of and financing of start-ups is concentrated in major metropolitan regions, leaving smaller towns and rural areas with few choices. Information Technology, as sector is also seeing a lot of investment. Diversifying start-up investment into a variety of industries, such as agriculture, manufacturing, social services, healthcare, education, and others, will be vital to future success.<sup>54</sup> India is compared on a worldwide platform, as to companies such as Google, Facebook, or SpaceX. China, which have their own successful companies, such as Alibaba, ByteDance, and DiDi. This outcome might be due to inefficient digital infrastructures, such as poor mobile and internet access, a lack of high-tech solutions, and a lack of research and development expenditure.<sup>55</sup>

India is silent in terms of innovation and patent filings in comparison with other developed countries. There is a significant difference between what India is now and days to come. With unmet needs of a large populace and a strong focus on technology and innovation, India has the potential to be a bright light in the global economy. The Covid-19 pandemic has marked a watershed moment in India's start-up landscape, with rising demand for digital solutions allowing the creation of new unicorns in the same manner that they did after the global financial crisis, albeit many small businesses.<sup>56</sup> Any step towards progression has its own virtues and drawbacks. In the face of a bust, history has stood witness to novel growth and development of the nation by way of the finest opportunity. India is home to many innovative start-ups and is geared up to welcome more. To boot the bargain of the existing initiatives by the Government, the constitution of the National Start-up Advisory Council was notified in 2020, to advise on measures needed to build a strong ecosystem for nurturing innovation and start-ups in the country to drive sustainable economic growth and generate large scale employment opportunities to.<sup>57</sup> India is making substantial effort to meet the long-term requisites in order to buoy up start-ups in the near future, keeping in mind the short-term rudiments as well. Failure in doing so may hinder India's goal of economic stability and development at par with its counter-part nations.

