

Challenges Facing by Indian Tech Start Ups

Written by Babu S
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The ever growing world of technology has attracted a large number of startups especially in India. With a country having a large majority of skilled and technologically accomplished workforce, India is churning out good number of tech startups with each passing year. While the going has been largely good, startups have witnessed a number of challenges and roadblocks.

Technology based startups are fast moving with ever changing world of technology but also attracts investors and venture capitalists more than any other startup ventures. Technology based startups have a unique risk as not every tech startup is able to bypass the road of challenges and roadblocks. Here is a look at the top five challenges faced by an Indian tech startup.

Geographical Location Challenges:

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One of the biggest challenges faced by an Indian tech start up is the location dilemma. India is a land of distinct culture and taste. The challenge before any tech start up is to make sure it offers a product which is universally accepted pan India across varied cultures and demographics. Not every product is welcome in every area brining tough challenges for the start up team especially for tech startups.

Challenges Attracting Global Bigwigs:

While India is considered to be a front runner in technology product startup ecosystem, not all startups have been able to attract global majors. Being discovered by top technological companies remains a big challenge for the majority of Indian tech startups. Many international global technology bigwigs find innovative tech startups through various analyst reports in their respective countries rather than through the Indian startup ecosystem.

The fact that Indian tech startups are driven by technology oriented people at the top handling organizational and financial diligence is often overlooked. Since mergers and acquisitions along with being discovered by global bigwigs is part of an organizational challenge, Indian tech startups are lagging behind compared to other nations.

Lack of Strong Tech Community Pan India:

India may have a large number of technology graduates but there is a definite lack of strong tech community across India. For startups not located in the prime hubs of Bangalore or Hyderabad getting to meet and interact with fellow start ups, people with technical proficiency, passionate about similar issues and ideas remain a distant dream. Finding developers, partners, co-founders are therefore far more difficult for an Indian tech startups compared to a startup located in say Silicon Valley. There remains a case to build a strong pan India tech support community where tech startup owners can interact and exchange thoughts in real time.

Taxation Challenges:

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The long standing demands of tech startups have been the number of taxation roadblocks that do not allow tech startups to flourish. Various agencies including the National Association of Software and Services Companies (NASSCOM) have been proactive in the past in ensuring that the taxation challenge is sorted out with the help of the finance ministry. NASSCOM on its part has said that it believes new relaxing norms for tech startups can act as catalyst for government initiatives like Make in India and Digital India campaigns.

The extenuation of provisions on deduction for employment and skill development (Section 80JJAA) and R&D credits for example is one such aspect that can make sure tech startups do not have any difficulty in accessing funds and are steered cleared from taxation roadblocks.

Regulation Challenges:

If you have a unique business idea and you are willing to take a risk and develop a technological product for the market make sure no government regulations act as a barrier. Many tech startups have witnessed the brunt of government regulations in various sectors not allowing them to fulfill their technological reach and potential. Tech startups offering financial service have been the worst affected as there is a definite opportunity for such finance tech startups if only regulations were not in place.