



US Start-up SETU

Why in News?

The Union Minister of Commerce and Industry recently launched the US Startup SETU - Supporting Entrepreneurs in Transformation and Upskilling programme in the Bay Area of San Francisco, United States of America.

What are Startups?

▪ About:

- The term startup refers to a company in the first stages of operations. Startups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is demand.
- These companies generally start with high costs and limited revenue, which is why they look for capital from a variety of sources such as venture capitalists.

▪ Growth of Startups in India:

- The [Department for Promotion of Industry and Internal Trade \(DPIIT\)](#) has recognized startups which are spread across 56 diversified sectors.
 - More than 4,500 Startups have been recognized in sectors relating to emerging technologies such as [Internet of Things \(IoT\)](#), [robotics](#), [artificial intelligence](#), analytics, etc.
- Sustained Government efforts in this direction have **resulted in increasing the number of recognized Startups from 471 in 2016 to 72,993 in 2022.**

What is Startup SETU?

▪ About:

- SETU or **Supporting Entrepreneurs in Transformation and Upskilling** is an Indian government initiative under **Ministry of Commerce & Industry**.
- The initiative would connect start-ups in India to US-based investors and start-up ecosystem leaders with mentorship and assistance in various areas including funding, market access and commercialization.

▪ Significance:

- To **break the geographical barriers between US mentors willing to invest in entrepreneurship** and sunrise startups in India.
- The interaction will be supported through the mentorship portal under the Startup India initiative MAARG, or **the Mentorship, Advisory, Assistance, Resilience, and Growth program**, which is a single-stop solution finder for startups in India.
 - The portal has been developed with the idea to be accessible from every corner of the country to connect with a mentor.

▪ Need:

- It is estimated that **about 90% of the start-ups and more than half of the well-funded startups fail in their early days.** Lack of experience in handling the business is a key issue, and founders require the right guidance for taking a decision and moral

- support.
- As India becomes a leading start-up destination, the proper guidance at the right time is paramount.
 - Further, the Government of India invites stalwarts, seasoned experts, and industry leaders to give back to the nation by adding value to a startup's journey.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. What does venture capital mean? (2014)

- (a) A short-term capital provided to industries
- (b) A long-term start-up capital provided to new entrepreneurs
- (c) Funds provided to industries at times of incurring losses
- (d) Funds provided for replacement and renovation of industries

Ans: (b)

Exp:

- **Venture capital is a form of fund for a new or growing business.** It usually comes from venture capital firms that specialize in building high risk financial portfolios.
- With venture capital, the venture capital firm gives funding to the startup company in exchange for equity in the startup.
- The people who invest this money are called venture capitalists (VCs). Venture capital investment is also referred as risk capital or patient risk capital, as it includes the risk of losing the money if the venture does not succeed and takes a medium to long term period for the investments to fructify. **Therefore, option (b) is the correct answer.**

Source: PIB

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