



A Study on Opportunities and Challenges of Start-Ups in India

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Abstract

India has the highest population in the world. Recent surveys indicate that it is the 5th largest economy globally. To achieve economic growth, the country must export more than it imports. To increase exports, the nation must boost domestic production. This means that the production of goods and services should primarily come from within the country. To build a strong economy, focusing on new business ventures or start-ups is crucial. These innovative enterprises are engaged in producing and selling goods and services. As the most populous country, India offers a vast market opportunity for these start-ups. Many innovative young people are choosing entrepreneurship over working for multinational companies and start-up ventures, rather than in government organizations. The main aim of this paper is to discuss the opportunities and challenges faced by start-ups in India and to provide some findings and suggestions regarding these start-ups.

Keywords: Domestic Production; Entrepreneurship; Innovations; Populous country.

1. Introduction

Start-ups are pillars of economic development, involving innovation with technology that strengthens the economic benefits of the national economy. India is the only country with approximately more than 60% of its population being youth, this demographic advantage is the main backbone of the Indian economy. However, due to unemployment, this population has become a challenge for the country. To convert this challenge into an extraordinary opportunity, the nation must focus on domestic production through innovative start-ups. Many young people are ready to become entrepreneurs instead of joining other companies or government professions. Despite having numerous entrepreneurial opportunities, because of the fear of the challenges in establishing their start-ups. To address the problems faced by Indian start-ups, the government of India has launched various schemes. These include the Start-up India Initiative (SII), the Start-up India Seed Fund Scheme (SISFS), the Credit Guarantee Scheme for Start-ups (CGSS), the Atal Innovation Mission (AIM), the Software Technology Parks of India (STPI), and the Pradhan Mantri Mudra Yojana (PMMY) [1-4].

2. Review of the Literature

Goyal Prakash (2011); In their article, they discuss the challenges faced by entrepreneurs and provide suggestions for the government to strengthen start-ups. They also mention essential business skills and new trends that start-ups must follow to sustain in the market.

Surabhi Jain (2016); This article discusses the emergence of start-up initiatives in India and the needs of start-ups in the country. It also examines various objective plans created for the "Start-up India" initiative in 2016, such as funding support, tax holidays, and the development of innovation and research parks. In conclusion, the article clearly states that innovation plays a vital role in the start-up ecosystem and dynamic industrialization, which in turn results in increasing the nation's per capita income. It also addresses the issues faced by Indian start-ups. To tackle these issues, the government, corporations, and educational institutions can play an incredible role through mentor programs, workshops, seminars, and other initiatives.

Nipun Malhotra (2018); In his article, it is discussed that by creating new job opportunities and attracting huge capital investments, Indian

start-ups are ranked third globally. To achieve success, start-ups need to focus on social issues such as healthcare, sanitation, education, transportation, and natural energy management. Addressing these issues will provide a better outcome and help Indian start-ups compete in both the domestic and global markets. Developing start-ups will require significant investment, which can be sourced internationally [5-10].

3. Objectives of the Study

1. To know the challenges faced by start-ups in India.
2. To Aware what are the opportunities are there for start-ups in India.
3. To give information on government initiatives for the development of start-ups in India.

4. Research Methodology

The study mainly depends upon secondary data and descriptive. Hence, the study has been carried out by referring to various data sources like journals, articles, newspapers, and websites.

5. Opportunities for Start-ups in India

5.1. Large Market Potentiality

India's larger population is the best benefit to the country. From 2020, it is experiencing a "demographic benefit" period, where the working-age population is more than the nonworking population. This is a significant demographic advantage for every new business. To create a dominant place in the Indian market this unique demographic population is one of the great opportunities for every new start-up.

5.2. Government funding for Start-ups

The Indian government is serving as the backbone for domestic start-ups. To make them recognised in domestic and international markets the Indian government support and coordination is playing a vital role. Through various start-up-friendly schemes, roles, regulations, initiatives, and benefits it has become a great opportunity. To help entrepreneurs, there are many formal and informal government initiatives. Government supports to Start-ups in India

- Start-up India Initiative
- Make in India Initiative

- MUDRA Yojana
- Atal Innovation Mission (AIM)
- Self-Employment Talent Utilization Fund (SETU)
- E- biz Portal
- Start-up India Yatra
- Start-up India Hub

5.3. Large Investments in Start-ups from Indian and International Investors

The countries demographic population, culture, languages, geographical diversity and the unity in diversity are the main reason of having big faith on the Indian market. Because of this less fear of losses faith, the foreign and Indian investor's stimulus themselves to make more and more investments in Indian Start-ups. This fearless investment of the domestic and foreign investors is the biggest opportunity to the Indian start-ups.

5.4. Many Students opt for Entrepreneurship

In the last few decades in India talented students have shown the desire to become Innovative entrepreneurs, and because of this, they are approaching the IITs and IIMs to get advanced knowledge regarding the corporate world. These students either get placed in the start-up or choose for campus recruitment itself, due to their increasing interest to initiate their new ventures.

5.5. Skilled Workforce

- a. **Young and Educated Human Resource:** A large number of young, technically knowledgeable, and educated individuals are available, to provide the necessary services for start-ups.
- b. **Talent from IITs and IIMs:** One of the great things is that in India number of students are getting education from reputed Indian education institutions, which will directly become the strength of the start-ups.

5.6. Technological Advancements

Nowadays Artificial intelligence is becoming an integral advanced part of every business organization. The important matter is that India is one of the growing countries in the field of artificial intelligence.

6. Challenges for Start-ups in India

6.1. Absence of Financial Assistance

First of all, the availability of sufficient finance is the main issue for Indian start-ups. As the business expands it needs more and more financial strength. Proper financial management is critical to start-ups because of their limited capital and the emerging scenario in the global market.

6.2. Revenue Generation

Number of the start-ups becomes exhausted due to less revenue generation. When the business enlarges its operations, the expenses also grow. Generation of revenue is not only a challenge to the business but also expansion and sustain growth. To achieve this challenge, start-ups are rare to become succeed.

6.3. Regulations

Starting a business needs lots of approvals from the government departments. In the company's act, factories act, SEBI acts like this various litigation has to follow the new start-ups. Labour rules, Intellectual property rights, dispute resolutions, and other regulations in India, especially the GST act, etc. are the main things to understand the new start-ups.

6.4. Selection of the Appropriate Human Resource

Human resources are the main cause of the success and the failures of the company. So recruiting and deputing quality staff is the most difficult challenge for start-ups.

7. Market Competition

a. The Dominance of Existing Competitors:

There is a very big challenge for the new start-ups to face the existing competitors, because of their large resources and acquisition of the market.

b. High Competition among Start-Ups: Certain sectors lead to intense competition among new start-ups. Because of the demand of the particular business in the future.

8. Infrastructure Problems

This is also one of the biggest challenges for start-ups in India. In some rural areas, they are facing the problem of poor infrastructure, like transportation, Internet, and others.

8.1. Findings

- Although high technology has advanced significantly, many people in India remain unaware of the various entrepreneurial opportunities available.
- Various government initiatives are designed to support minorities, tribal communities, and women in achieving financial growth. It is important to raise awareness so they can benefit from these programs.
- Many young people are focusing more on the IT sector despite the availability of numerous opportunities and schemes, due to a lack of financial resources.
- Start-up schemes provide the necessary team and infrastructure for businesses, enhancing their stability and potential for market growth.
- Awareness about various employment opportunities should be raised in rural areas
- The number of start-ups operating in India demonstrates their motivation and dedication to strengthening both individual and national economies.
- A huge number of youths are wasting their precious time trying to secure government jobs and ignoring the entrepreneurial sector, which offers more advantages than government jobs.

8.2. Suggestion

- The government should appoint a council to identify entrepreneurial students who can contribute significantly to the country's economy, and provide them with proper training.
- The government should provide tax exemptions to domestic start-ups in their initial stages to help them establish a strong foundation.
- Start-ups need to consider future demand for particular products and services and conduct a systematic analysis of potential future threats
- Start-ups should consider future demands and make informed commencement decisions accordingly.
- There are many government initiatives for minorities, tribal communities, and women which help them to grow financially.

Awareness should be given to them to take advantage of those initiatives.

- There is no business with zero risk, but start-ups can reduce risk by thoroughly exploring all possible opportunities.
- I suggest start-ups make prominent and optimal use of government schemes and scarce resources.

Conclusion

The present focus of the country is to achieve economic growth by increasing GDP. To reach this goal, the Government of India is concentrating on liberal policies and entrepreneurial initiatives like 'Make in India,' Start-up India, and Mudra. Start-ups face many challenges, from staff selection to global competition, but there are various opportunities for start-ups across sectors from food to space. The contribution of these MSME (Micro, Small, and Medium Enterprises) start-ups to the Indian economy is remarkable. In the coming years, these start-ups will play a significant role in transforming India from a developing country to a developed country.

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