

# A Study on Opportunities and Challenges of Startups in India

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## ABSTRACT

India is the world's second-most populous country, home to billions of people. In order to accommodate this enormous population, massive job marketplaces have been boosted. These days, people's views have shifted to the point where they are hesitant to take risks in life, which prevents them from working for companies that are developing novel ideas.

Many creative young people chose to pursue entrepreneurship as their career path rather than joining government agencies or multinational corporations. The jobbers had the opportunity to raise their own and their families' standards of living, but entrepreneurs will raise both the family and national economies. With the introduction of the ambitious "startup India and standup India" program on January 16 at the Vignan Bhavan auditorium in New Delhi, Prime Minister Narendra Modi seemed to be moving the country closer to becoming the next great start-up nation. The goal of this was to accelerate and transform India's startup revolution.

This study looks at the environment for new businesses in India, emphasizing the potential and difficulties these businesses face. India's growing economy and friendly policies have made the country an ideal place for entrepreneurs to innovate and expand. But getting money, negotiating regulatory obstacles, and competing in a changing industry are tough. The success and sustainability of startups in India are examined in this paper using empirical analysis and case studies. In order to promote a healthy startup environment, legislators, investors, and entrepreneurs must all have a thorough understanding of these dynamics.

**Keywords:** Startups, Innovation, Entrepreneurs, Economy, Youth

## INTRODUCTION TO THE STUDY

India is a developing nation with a population ranked second. Unemployment is a result of the population's rapid expansion. India made a significant move to encourage entrepreneurship in the nation in order to give people jobs. On August 15, 2015, India's prime minister, Narendra Modi, announced the initiation of a program aimed at raising awareness of start-ups. Everyone wants to launch their own business, but they are unable to do it because of a lack of capital, labor, etc. These factors account for the majority of graduates who express interest in joining an established organization. However, others are rising to the challenge and starting their own businesses. India is supporting those who possess creative concepts for launching a new company, such as STRATUP.

One of the main forces behind job chances and economic growth are startups, which also raise per capita income and have a favorable effect on the economy. Securing capital for an inventive product or procedure

is the primary obstacle faced by newly established businesses. A significant number of young people have demonstrated their entrepreneurial abilities through the establishment of their own start-ups. The ability to foresee business opportunities and act entrepreneurially is necessary for every business idea to succeed.

### **OBJECTIVES OF THE STUDY**

1. To research the difficulties faced by startups.
2. To comprehend the chances that startups present.
3. To determine which government programs support the growth of new businesses.

### **LITERATURE REVIEW**

Goyal Prakash (2011), in their paper addressed that the situation of entrepreneurs is better than before. To provide awareness about start-up necessary steps should be taken by the Government, Start-up must be properly design with the business skills to come across new trends and changes in the environment. Madhavapaty & Rajesh (2018), Identified the challenges of HR Tech Start-ups like failure to do ground work for adaptation by employees. While there are multiple products and new technologies in the market. The main challenge is to find the exact product business fit. Madhura Wagh (2016), Said that in India entrepreneurship is good career option. The main factors for entrepreneurship are government policies and programs, education and training. Suggestions were directed towards the Liberalisation of government policies, capacity, building through training and education restructuring through growth in innovation. Star-up India, Stand up India initiative is announced by the government to focus these recommendations. This is to build the strong eco-system for strengthening innovations and Star-ups which will result in generation of large scale employment opportunities. Nipun Malhotra (2018), Addressed the creating new job opportunities, attracting more capital investment in terms of number the Indian Start-ups ranked a third place internationally. To get success of the Start-ups it needs to focus on community problems which includes health care, sanitation, education, transportation alternative energy management and etc. This will result to deal with the Indian and global face. These require heavy investment in technology and products. Which are created internationally. Y.Sharma Made a study on women entrepreneur in India. She addressed that women entrepreneurs face lot of problems like social barriers, legal aspects, lack of education, family support etc. She focuses on pull and push factors which effect entrepreneurs confidence have the determination setting up the business and fight against the all odds.

### **RESEARCH METHODOLOGY**

The process of selecting a topic or problem and analyzing the data gathered from primary and secondary sources is known as research methodology. Websites and publications were used to gather data for this study in order to conduct research.

### **CHALLENGES OF STARTUPS**

1. Finances: Obtaining sufficient funding to begin and continue operations is a major challenge. Particularly in industries with intense competition, startups may find it difficult to draw in investors or get loans.
2. Market Competition: It can be intimidating to take on well-established businesses with bigger budgets, resources, and name recognition. Startups need to figure out how to set themselves apart and secure a

market niche.

3. **Creating a Team:** It can be difficult to find and keep exceptional workers, particularly when you are unable to provide them with generous benefits or high compensation. To spur innovation and growth, you need a solid team.
4. **Market Validation:** Validating the market is crucial to ensuring that there is a genuine need for the product or service and that it addresses a real issue for the customer. It can be challenging for startups to get early traction and validate their business plan.
5. **Regulatory Compliance:** It can be costly and time-consuming to navigate the many regulatory obligations, particularly in sectors like technology, healthcare, and finance.
6. **Scaling:** It takes careful balancing to manage quick expansion while preserving quality and client satisfaction. Startups need to be ready to efficiently scale their business and adjust to rising demand.
7. **Marketing and Sales:** It might be challenging to raise awareness and attract clients on a tight budget. In order to succeed, startups frequently need to use innovative and unique marketing and sales techniques.
8. **Managing Cash Flow:** It is essential for survival to strike a balance between income and expenses, particularly in times of erratic earnings or unforeseen expenses. For startups, managing cash flow is a continuous problem.
9. **Risk management:** There is a lot of risk associated with startups by nature, including the possibility of unanticipated difficulties, market volatility, and technology upheavals.
10. **Founder Burnout:** Founders' physical and mental well-being may suffer as a result of the strain and stress of operating a firm. Preventing burnout and upholding a sound work-life equilibrium are essential for long-term productivity and innovation.

## **OPPORTUNITIES OF START UPS**

1. **Innovation:** Startups are free to try out novel concepts and cutting-edge technologies, which spurs innovation across a range of sectors. To address changing requirements, they have the ability to upend established markets and develop completely new ones.
2. **Agility:** Startups may quickly change course in reaction to input from the market or evolving trends, making them more nimble than larger organizations. Their ability to adapt quickly enables them to seize new chances and maintain an advantage over their rivals.
3. **Talent Magnet:** By providing chances for influence, ownership, and growth that may be absent in larger companies, startups can draw in top people. Ambitious professionals are drawn to them because they frequently offer a vibrant and innovative work atmosphere.
4. **Global contact:** From day one, entrepreneurs can contact customers all over the world thanks to the internet and digital technologies. They may now access a wider range of markets and a more diverse consumer base than ever before because to their global presence.
5. **Low Barrier to Entry:** Thanks to cloud computing, open-source software, and internet markets, the entry barriers to many businesses have never been lower. More business owners are able to explore their ideas and enter the market because to this accessibility.
6. **Collaboration and Partnerships:** In order to take advantage of complementary resources and skills, startups might work with other businesses, academic organizations, and research centers. These collaborations have the potential to spur economic expansion and create fresh avenues for creativity.
7. **Disruption:** By challenging established businesses and forging whole new markets, startups have the

power to upend established industries and promote constructive change. Better products for customers, more affordable costs, and more effective procedures could result from this disruption.

8. **Scalability:** Product-market fit and scalable business model development are key components for startups that want to grow quickly. They may expand their business to serve millions of clients and provide investors with large returns with the appropriate plan in place.
9. **Social Impact:** By coming up with creative solutions, startups may tackle urgent social and environmental issues. Startups that are socially conscious are becoming more popular, drawing funding, and having a good effect.

## GOVERNMENT INITIATIVES

1. **Startup India:** The Government of India launched Startup India, an initiative with the goal of promoting startups and entrepreneurship through a range of funding options, tax breaks, regulatory reforms, and funding opportunities.
2. **Pradhan Mantri MUDRA Yojana (PMMY):** This program helps startups and microenterprises with their first capital needs by lending up to Rs. 10 lakh to them through a number of financial institutions.

There are three types of mudra loans schemes mainly shishu kishor and tarun.

| Name of the scheme | Loan amount             |
|--------------------|-------------------------|
| Shishu             | Up to 50000             |
| Kishor             | Rs 50000 to Rs 5 Lakh   |
| Tarun              | Rs 5 Lakh to Rs 10 Lakh |

3. **Atal Innovation Mission (AIM):** AIM establishes Atal Incubation Centers (AICs), supports school tinkering laboratories, and offers financial support and mentorship to companies through the Atal Innovation Mission Fund in an effort to foster an innovative and entrepreneurial culture among Indian youth.
4. **National Small Industries Corporation (NSIC) Schemes:** Programs and initiatives offered by the National Small Industries Corporation (NSIC) to aid new and small enterprises include financial support, marketing support, and single-point registration for government purchases.
5. **Technology Business Incubators (TBIs):** TBIs are organizations created in partnership with government, business, and academic institutions to offer money, networking opportunities, infrastructure, and mentorship to companies.
6. **The Self Employment & Talent Utilization Fund (SETU):** SETU was established to assist newly established companies and independent contractors in the technology sector. It promotes the effective use of each person's unique skill to achieve efficiency and production targets.

## FINDINGS

1. Despite the advancement of technology, a large number of people are unaware of India's entrepreneurship potential.
2. Due to a lack of funding, many young people are concentrating more on the IT industry despite the industry offering many chances and plans.
3. There should be education on the range of job options available in rural areas.
4. One can locate the right team and infrastructure for their business with the aid of start-up schemes, which will boost stability and allow the business to flourish in the market.
5. The government offers a number of programs that support women, tribal members, and minorities and

enable them to prosper financially. In order for them to benefit from those programs, awareness needs to be raised.

## CONCLUSION

India's economy is currently expanding thanks to the government's introduction of pro-business policies and initiatives like "make in India," "Start up India," and Mudra, among others. The government is also showing a growing interest in raising the GDP rate of development from the bottom up. There are many opportunities for start-ups offering products and services from food, retail, and hygiene to solar and IT applications for day-to-day problems that can be delivered at less pricing. The start-up area has many challenges ranging from financing to human resources and from launch to support the growth. Some of these startups could become unicorns and expand into other developing markets to become globally recognized companies.

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