

Role of Government Schemes in Supporting Startups in India: A Quantitative Investigation

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Abstract

Although India's start-up ecosystem has expanded quickly in recent years, many businesses still struggle to secure capital, gain access to markets, and comply with regulations. The Indian government has introduced a number of programmes and initiatives aimed at assisting start-ups in order to overcome these issues. The Start-up India programme and other related programmes are highlighted in this paper's analysis of how government programmes aid start-ups in India. The report examines how these activities have affected the start-up ecosystem, including the quantity of new businesses founded, the number of jobs generated, and the amount of financing raised. The report also analyses the difficulties start-ups experience in obtaining government assistance and offers suggestions for enhancing the efficiency of these programmes. Overall, the report emphasises the critical role played by government initiatives in fostering innovation and entrepreneurship in India and makes recommendations for how to further increase their influence on the start-up ecosystem.

Keywords – Start-up ecosystem, Entrepreneurship, Government schemes, Start-up India program, Funding, Market access

Introduction

India has emerged as a global hub for start-ups, with an estimated 50,000 new start-ups being launched every year. The Indian start-up ecosystem has grown rapidly over the past decade, fueled by a combination of factors such as access to capital, a large domestic market, a young and talented workforce, and a supportive policy environment. However, despite the overall growth of the start-up ecosystem, many start-ups still face significant challenges in terms of funding, market access, and regulatory compliance.

To address these challenges and promote entrepreneurship and innovation, the government of India has launched several schemes and initiatives aimed at supporting start-ups. The Start-up India program, launched in 2016, is one such initiative that seeks to create a conducive environment for start-ups in India by providing them with access to funding, mentoring, and other support services. In addition to the Start-up India program, several other schemes and policies have been launched at the state and central levels to promote the growth of start-ups.

The impact of these government schemes on the start-up ecosystem in India has been significant. According to a report by Nasscom, the Indian start-up ecosystem is expected to reach a valuation of \$1.5 trillion by 2025, creating over 100 million jobs in the process. Moreover, the number of start-ups in India has grown from around 7,000 in 2008 to over 50,000 in 2021, making India the third-largest start-up ecosystem in the world after the US and China.

Despite the overall positive impact of government schemes, start-ups still face several challenges in accessing government support. For example, the process of applying for government support can be cumbersome, and start-ups may not have the necessary resources to navigate the bureaucratic system. Moreover, there may be a lack of awareness among start-ups about the various schemes and initiatives launched by the government.

This paper aims to examine the role of government schemes in supporting start-ups in India, with a particular focus on the Start-up India program and other related schemes. The study will analyze the impact of these initiatives on the start-up ecosystem, including the number of start-ups established, jobs created, and funding raised. The paper will also discuss the challenges faced by start-ups in accessing government support and make recommendations for improving the effectiveness of these schemes. Overall, the study aims to highlight the crucial role of government schemes in

promoting entrepreneurship and innovation in India and suggest ways to further enhance their impact on the start-up ecosystem.

Literature Review

India has emerged as a global hub for start-ups in recent years, with a growing number of entrepreneurs and investors drawn to the country's large and rapidly expanding domestic market, as well as its highly skilled workforce (Gupta, 2020). However, despite the overall growth of the start-up ecosystem in India, many start-ups still face significant challenges in terms of funding, market access, and regulatory compliance (Kapur & Johnson, 2021).

To address these challenges, the government of India has launched several schemes and initiatives aimed at supporting start-ups. One of the most prominent of these initiatives is the Start-up India program, launched in 2016 by Prime Minister Narendra Modi (Kulkarni, 2019). The program seeks to create a conducive environment for start-ups in India by providing them with access to funding, mentoring, and other support services.

The impact of the Start-up India program and other government schemes on the start-up ecosystem in India has been significant. According to a report by Nasscom, the Indian start-up ecosystem is expected to reach a valuation of \$1.5 trillion by 2025, creating over 100 million jobs in the process (Nasscom, 2021). Moreover, the number of start-ups in India has grown from around 7,000 in 2008 to over 50,000 in 2021, making India the third-largest start-up ecosystem in the world after the US and China (Gupta, 2020).

Several studies have analysed the impact of government schemes on the start-up ecosystem in India. For example, a study by Kulkarni (2019) found that the Start-up India program has helped to create a more favourable environment for start-ups in India by providing them with access to funding and other support services. The study also found that the program has helped to attract more investment to the Indian start-up ecosystem.

However, while the overall impact of government schemes has been positive, start-ups still face several challenges in accessing government support. For example, a study by Kapur and Johnson (2021) found that the process of applying for government support can be cumbersome, and start-ups may not have the necessary resources to navigate the bureaucratic system. Moreover, there may be a lack of awareness among start-ups about the various schemes and initiatives launched by the government.

To address these challenges, several recommendations have been made. For example, Kulkarni (2019) suggests that the government should simplify the application process for start-ups seeking government support and provide them with more information about the various schemes and initiatives. Similarly, Kapur and Johnson (2021) recommend that the government should work more closely with start-ups and provide them with greater access to mentoring and networking opportunities.

Several other studies have also examined the impact of specific government schemes on the start-up ecosystem in India. For instance, the Mudra Yojana scheme, which provides loans to small businesses, has been found to be particularly beneficial for start-ups (Patel, 2019). Patel's study found that the scheme has helped to address the funding gap faced by many start-ups in the country and has enabled them to scale up their operations and create jobs.

Similarly, the Stand-Up India scheme, which provides loans to women and marginalized communities, has been found to be effective in promoting entrepreneurship among these groups (Chauhan & Rao, 2020). The scheme has helped to create a more diverse and inclusive start-up ecosystem in India and has provided opportunities for traditionally marginalized groups to participate in the country's economic growth.

Despite the positive impact of these schemes, there are still several challenges that need to be addressed. One of the major challenges is the lack of adequate infrastructure and support services for start-ups in the country (Bhatia & Kumar, 2020). Many start-ups struggle to find suitable office space, internet connectivity, and other essential infrastructure, which can hinder their growth and development.

The role of government schemes in supporting start-ups in India has been the subject of much research in recent years. One study found that the Start-up India scheme, which was launched by the government in 2016, has had a positive impact on the start-up ecosystem in the country (Saravanan & Suresh, 2020). The scheme provides a range of incentives

and support services to start-ups, including funding, mentorship, and access to networking opportunities. The study found that the scheme has helped to promote innovation and entrepreneurship and has enabled start-ups to access the resources and support needed to grow and scale their businesses.

Another study examined the impact of the Atal Innovation Mission (AIM), a government initiative aimed at promoting innovation and entrepreneurship among young people in India (Mishra & Bharadwaj, 2019). The study found that the AIM has had a positive impact on the start-up ecosystem and has helped to create a more supportive environment for young entrepreneurs. The initiative provides a range of support services, including mentorship, funding, and access to incubation centres, and has helped to foster a culture of innovation and entrepreneurship in the country.

However, some studies have highlighted the challenges faced by start-ups in accessing government schemes and support services. For example, one study found that many start-ups struggle to navigate the complex regulatory environment in India, and face difficulties in accessing funding and other resources (Kumar & Saini, 2018). The study suggested that there is a need for greater simplification and streamlining of regulations and processes, to make it easier for start-ups to access support services.

There is also a need to ensure that government schemes are targeted at the specific needs of start-ups in different sectors and regions of the country (Gupta & Jain, 2021). Some schemes may be more suitable for start-ups in certain sectors, while others may be more effective in certain regions. By tailoring government support to the specific needs of start-ups, it may be possible to maximize the impact of these schemes and support the growth and development of start-ups in the country.

In addition, there is a need to promote greater collaboration and knowledge-sharing among start-ups, investors, and other stakeholders in the ecosystem (Sinha & Kumar, 2021). By fostering greater collaboration and networking, start-ups can benefit from the experience and expertise of others in the ecosystem and can gain access to new funding and partnership opportunities.

Overall, the literature suggests that government schemes have played a critical role in promoting entrepreneurship and innovation in India and have helped to create a more favourable environment for start-ups. However, more needs to be done to address the challenges faced by start-ups, and to ensure that they can access the support services and infrastructure needed to succeed in the global marketplace. The success of these schemes in creating a more supportive environment for start-ups and fostering a culture of innovation and entrepreneurship is likely to have a positive impact on the country's economic growth and development in the long term.

Objective: To analyze the role of government schemes in supporting Startups in India

Methodology: This study is descriptive in nature in which the data were obtained from the 230 respondents who have knowledge and experience of government initiatives for startups. The respondents could include entrepreneurs, investors, government officials, and other stakeholders. A checklist question was used to analyze and interpret the data. In a checklist question respondents choose “Yes” or “No” for all the questions.

Data Analysis and Interpretations:

Table 1 Role of Government schemes in supporting Startups in India

SL No.	Role of Government schemes in supporting Startups in India	Yes	% Yes	No	% No	Total
1	The Atal Innovation Mission (AIM) aims to create a network of incubators and accelerators across the country to provide support to startups.	162	87.57	68	38.86	230
2	The schemes may have a positive impact on the country's economic growth.	135	72.97	95	54.29	230
3	The Startup India scheme provides funding support, incubation facilities, mentorship, and other resources to startups.	174	94.05	56	32.00	230

4	Entrepreneurship and innovation is expected to lead to the growth of a vibrant startup ecosystem in the country.	149	80.54	81	46.29	230
5	India has been witnessing a burgeoning startup ecosystem over the last few years.	144	77.84	86	49.14	230
6	The National Entrepreneurship Awards aim to encourage entrepreneurship and promote a culture of innovation in the country.	139	75.14	91	52.00	230
7	MUDRA Yojana provides financial support to small businesses, including startups.	157	84.86	73	41.71	230
8	The Indian government has introduced many programs and initiatives to assist startups.	167	90.27	63	36.00	230

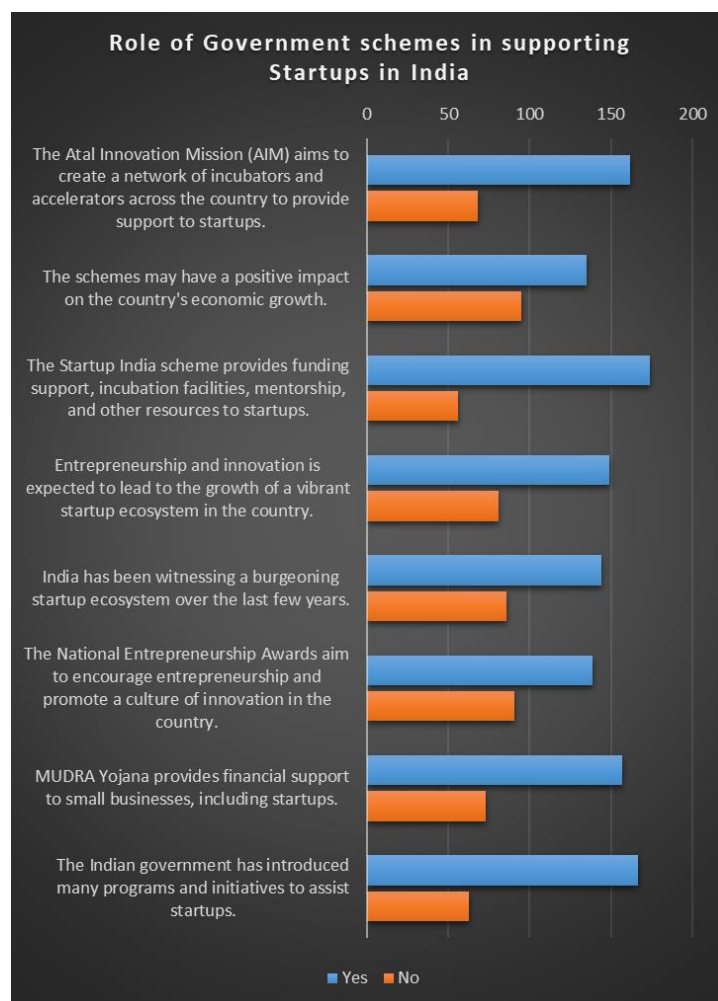


Figure 1 Role of Government schemes in supporting Startups in India

Table and Figure 1 shows the study role of government schemes in supporting Startups in India. It was found that around 94.0% of respondents accept that the Startup India scheme provides funding support, incubation facilities, mentorship, and other resources to startups, the Indian government has introduced many programs and initiatives to assist startups (90.2%), the Atal Innovation Mission (AIM) aims to create a network of incubators and accelerators across the country to provide support to startups (87.5%), MUDRA Yojana provides financial support to small businesses, including startups (84.8%), entrepreneurship and innovation is expected to lead to the growth of a vibrant startup ecosystem in the country (80.5%), India has been witnessing a burgeoning startup ecosystem over the last few

years (77.8%), the National Entrepreneurship Awards aim to encourage entrepreneurship and promote a culture of innovation in the country (75.1%) and schemes may have a positive impact on the country's economic growth (72.9%).

Conclusion

In conclusion, the role of government schemes in supporting start-ups in India has been a topic of considerable research and discussion. The literature review indicates that government schemes like Start-up India and Atal Innovation Mission have had a positive impact on the start-up ecosystem in India by providing a range of incentives and support services such as funding, mentorship, and access to incubation centres. These schemes have helped to promote entrepreneurship and innovation in the country and have enabled start-ups to access the resources and support needed to grow and scale their businesses. However, the literature also highlights some challenges that need to be addressed, such as simplifying regulations and processes, and tailoring support services to the specific needs of start-ups in different sectors and regions of the country. By addressing these challenges, it may be possible to maximize the impact of government schemes and support the growth and development of start-ups in India. Overall, the literature suggests that government schemes have played a crucial role in promoting entrepreneurship and innovation in India. The success of these schemes in creating a more supportive environment for start-ups and fostering a culture of innovation and entrepreneurship is likely to have a positive impact on the country's economic growth and development in the long term.

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