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Start-up India: Initiatives and Challenges

Dr.T.Vinila

Lecturer in Commerce, Smt. NPS Government Degree College (W), Chittoor – A.P

Abstract:

Startup India, intended to build a strong and inclusive ecosystem for innovation and entrepreneurship in India, Startup India was Launched on 16th January, 2016, the Startup India Initiative has rolled out several programs with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators instead of job seekers. India's youth are to play a critical role in defining the future of the nation - especially as the country embarks on a monumental journey towards building Amrit Bharat by 2047. To be able to support the youth of the country, it is imperative to create opportunities and avenues to improve their capabilities and connect them with community activities. Entrepreneurship has emerged as a powerful engine for economic growth, innovation, and employment generation. For rural youth, entrepreneurship is not only a career option but also a means of social and economic empowerment. Students in rural and semi-urban areas possess local knowledge, creativity, and problem-solving abilities that can address grassroots challenges. The aim of India as a nation of entrepreneurs rather than job seekers This paper focus on Government initiatives and challenges faced by start-ups.

Keywords: Start-ups, Entrepreneurs

Introduction :

A start-up is a business or enterprise founded by an entrepreneur to develop, refine, and validate a scalable business model. While entrepreneurship covers all newly established firms, including self-employment and businesses with no plans for growth, start-ups specifically aim to expand beyond sole founder ownership. Start-ups face significant risk and uncertainty initially, but a small percentage achieve notable success and impact. Start-up India is the Indian government's primary initiative to nurture entrepreneurship and foster innovation. Launched on January 16, 2016, by Prime Minister Narendra Modi, this program supports start-ups through various measures, including bank financing. It aims to stimulate entrepreneurship, drive economic growth, and create employment opportunities across India, reaching Tier 1, 2, and 3 cities, as well as semi-urban and rural areas. The initiative also seeks to promote entrepreneurship among marginalized communities, India as a nation of entrepreneurs rather than job seekers. The start-up India mission is to support

individuals with innovative ideas and skills, aiding them in establishing and growing their businesses. This initiative is designed to contribute to India's prosperity and global influence by fostering the creation and improvement of products and services while simultaneously generating employment opportunities

Objectives of the Study:

- Impact of the start-up India schemes is evident in job creation, innovation, and market expansion. Supported start-ups have been instrumental in generating employment, driving technological advancements, and fostering overall growth in India's start-ups
- The benefits of the start-up India schemes include access to funding, tax incentives, simplified regulations, and supportive infrastructure, all of which create a nurturing environment for start-ups.
- Advantages have enabled start-ups to innovate, expand their operations, and significantly contribute to the economy.
- The study also identifies several challenges that start-ups face, such as limited funding accessibility, regulatory complexities, talent acquisition difficulties, and intense market competition. Addressing these obstacles is essential to creating a more supportive environment for start-up success.
- Outlines the eligibility criteria for the start-up India schemes, emphasizing the importance of innovation, technology-driven solutions, and specific turnover and age requirements for start-ups to qualify for the benefits.

Need for the Study:

The study also identifies several challenges that start-ups face, such as limited funding accessibility, regulatory complexities, talent acquisition difficulties, and intense market competition. Addressing these obstacles is essential to creating a more supportive environment for start-up success.

Methodology:

Gather the data and information from both primary sources and secondary data. The primary information is gathered by visiting different places through direct contact with the Skill centers, educational institutions. The secondary data is gathered from books, reports, authentic websites, journals, and e-content related to start-ups.

Government Schemes Under Startup India :

The schemes under Start-up India are as follows:-

1. Start-up India Seed Fund Scheme
2. The Fund of Funds for Start-ups (FFS)
3. The Women Entrepreneurship Platform
4. Pradhan Mantri MUDRA Yojana
5. The Atal Innovation Mission

Government initiative on start-ups:

1.Compliance Regime based on Self-Certification: To reduce the regulatory burden on Startups thereby allowing them to focus on their core business and keep compliance cost low.

2.Startup India Hub: To create a single point of contact for the entire Startup ecosystem and enable knowledge exchange and access to funding.

3.Rolling-out of Mobile App and Portal: To serve as the single platform for Startups for interacting with Government and Regulatory Institutions for all business needs and information exchange among various stakeholders

4. Legal Support and Fast-tracking Patent Examination at Lower Costs: To promote awareness and adoption of IPRs by Startups and facilitate them in protecting and commercializing the IPRs by providing access to high quality Intellectual Property services and resources, including fast-track examination of patent applications and rebate in fees

5.Relaxed Norms of Public Procurement for Startups: To provide an equal platform to Startups (in the manufacturing sector) vis-à-vis the experienced entrepreneurs/ companies in public procurement

6.Faster Exit for Startups: To make it easier for Startups to wind up operations

7.Providing Funding Support through a Fund of Funds with a Corpus of INR 10,000 crore: To provide funding support for development and growth of innovation driven enterprises

8.Credit Guarantee Fund for Startups: To catalyse entrepreneurship by providing credit to innovators across all sections of society

9.Tax Exemption on Capital Gains: To promote investments into Startups by mobilizing the capital gains arising from sale of capital assets

10.Tax Exemption to Startups for 3 years: To promote the growth of Startups and address working capital requirements

11.Tax Exemption on Investments above Fair Market Value: To encourage seed-capital investment in Startups. To encourage seed-capital investment in Startups Details Under The Income Tax Act, 1961, where a Startup (company) receives any consideration for issue of shares which exceeds the Fair Market Value (FMV) of such shares, such excess consideration is taxable in the hands of recipient as Income from Other Sources

12. Organizing Startup Fests for Showcasing Innovation and Providing a Collaboration Platform To galvanize the Startup ecosystem and to provide national and international visibility to the Startup ecosystem in India Details A pivotal component for growth of Startups is regular communication and collaboration within the Startup community, both national as well international. An effective Startup ecosystem can't be created by the Startups alone.

Challenges And Limitations Of The Startup India Initiative :

- While the Startup India Initiative has been instrumental in reshaping the entrepreneurial landscape of India, several challenges and limitations have hampered its full potential. Despite substantial progress in startup registration, funding access, and regulatory easing, many systemic and operational issues remain that need to be addressed for long-term sustainability and inclusivity in India's startup ecosystem.

- One of the primary challenges lies in the complexity of accessing government benefits and schemes. Although the initiative promotes ease of doing business through self-certification and single-window clearance, in practice, many startups report difficulties in navigating the bureaucratic procedures required to claim tax exemptions, patent reimbursements, and funding benefits.
- Startups, especially those in Tier II and Tier III cities, often lack awareness about these schemes or face delays in approvals and disbursement due to administrative inefficiencies. Access to funding, particularly in early and growth stages, continues to be a significant limitation. While the Fund of Funds for Startups (FFS) and the Startup India Seed Fund Scheme (SISFS) have provided a cushion to many entrepreneurs, the scale and reach of these funds remain limited in comparison to the growing demand. Venture capital and angel investment are still concentrated in a few metro cities, making it harder for rural or semi-urban startups to attract necessary capital. Additionally, investors often show reluctance in backing ventures that involve longer gestation periods or operate in high-risk sectors like deep tech or social entrepreneurship.
- Another notable limitation is the lack of skilled human capital and mentorship support. Startups often require guidance in areas such as legal compliance, product development, marketing, and scaling strategies. Although the initiative has promoted incubators and accelerators, the quality and availability of mentorship services remain inconsistent across regions. This skill gap affects the competitiveness and sustainability of many early-stage ventures, especially those led by first-generation entrepreneurs. Infrastructure constraints are another barrier to startup growth.
- Inadequate digital connectivity, limited access to co-working spaces, and power supply issues in remote regions hinder innovation outside of major cities. These infrastructural deficiencies make it difficult for entrepreneurs to build scalable, tech-driven solutions, especially in sectors like agreetech, logistics, and health tech, which require robust supply chains and field-level integration. Regulatory challenges also persist despite efforts to simplify compliance.
- Startups often face difficulties with GST filing, intellectual property registration, and state-level licensing. In many cases, the ground reality of regulatory practices does not match the policy intent, causing delays and increasing operational costs. The overlap of jurisdiction between central and state policies sometimes leads to confusion, especially for startups seeking to expand operations across states.
- Furthermore, scaling and sustainability remain difficult for many startups. While initial support is provided for ideation and launch phases, very few schemes are targeted at helping startups move beyond the early stages and establish a steady revenue model or global presence. As a result, many

startups either shut down within the first three to five years or struggle to scale operations.

- Lastly, inclusivity issues in terms of gender, socio-economic backgrounds, and regional representation continue to exist. Women-led startups still represent a small fraction of the total recognized startups, and participation from marginalized communities is limited. This suggests that the benefits of the initiative are not yet equitably distributed across all sections of society.

Conclusion

The Start-up India initiative has significantly advanced entrepreneurship and innovation in India, demonstrating a clear positive impact on the start-up ecosystem. While challenges persist, addressing these will be key to sustaining growth for start-ups in the country. An in-depth analysis of the Start-up India initiatives reveals valuable insights into their benefits, challenges, and qualification criteria. This comprehensive assessment of the policies and measures introduced under the program highlights their effectiveness in fostering entrepreneurship, generating jobs, and stimulating economic progress. The benefits of the start-up India schemes include access to funding, tax incentives, simplified regulations, and supportive infrastructure, all of which create a nurturing environment for start-ups. These advantages have enabled start-ups to innovate, expand their operations, and significantly contribute to the economy. Despite these successes, the study also identifies several challenges that start-ups face, such as limited funding accessibility, regulatory complexities, talent acquisition difficulties, and intense market competition. Addressing these obstacles is essential to creating a more supportive environment for start-up success. The research outlines the eligibility criteria for the start-up India schemes, emphasizing the importance of innovation, technology-driven solutions, and specific turnover and age requirements for start-ups to qualify for the benefits. The positive impact of the start-up India schemes is evident in job creation, innovation, and market expansion. Supported start-ups have been instrumental in generating employment, driving technological advancements, and fostering overall growth in India's start-ups.

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