



A STUDY ON FINANCIAL PROBLEM FACED BY START-UP IN INDIA

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Under the Faculty of Commerce

Submitted By

‘ SHRUTI SURENDRA NAITHANI ’

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PRN :. 2021016401611722

Under the Guidance of

‘ASST. PROF. DR. KISHOR CHAUHAN’

JNAN VIKAS MANDAL’S

Mohanlal Raichand Mehta College of Commerce

Diwali Maa College of Science

Amritlal Raichand Mehta College of Arts

Dr. R.T. Doshi College of Computer Science

NAAC Re-Accredited Grade 'A+' (CGPA: 3.31) (3rd Cycle)

Sector-19, Airoli, Navi Mumbai, Maharashtra 400708



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Sector-19, Airoli, Navi Mumbai, Maharashtra 400708

CERTIFICATE

This is to certify that **MS. SHRUTI SURENDRA NAITHANI** has worked and duly completed her Project Work for the degree of Bachelor in Commerce (Accounting and Finance) under the Faculty of Commerce in the subject of **RESEARCH METHODOLOGY** and her project is entitled, “**A STUDY ON FINANCIAL PROBLEM FACED BY STRATUP IN INDIA**” under my supervision.

I further certify that the entire work has been done by the learner under my guidance and the no part of it has been submitted previously for any Degree or Diploma of any University.

It is her own work and facts reported by her personal findings and investigations.

Guiding Teacher,

ASST. PROF. DR. KISHOR CHAUHAN.

Date of submission:

DECLARATION BY LEARNER

I the undersigned Miss **SHRUTI SURENDRA NAITHANI**, here by, declare that the work embodied in this project work titled “**A STUDY ON FINANCIAL PROBLEMS FACED BY STARTUP IN INDIA**”_forms my own contribution to the research work carried out under the guidance of ASST. **PROF. DR. KISHOR CHAUHAN**.is a result of my own research work and has not been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

SHRUTI SURENDRA NAITHANI

Certified by:

ASST.PROF. DR. KISHOR CHAUHAN

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CHAPTER ONE

INTRODUCTION

INTRODUCTION

Starting a new business venture can be an exhilarating and challenging journey, especially for young entrepreneurs in India. While their innovative ideas and passion drive them forward, they often encounter various financial obstacles that hinder their progress. In this study, we delve into the financial problems faced by these new start-ups and young entrepreneurs, aiming to understand the key challenges they encounter in securing funding and managing their finances effectively.



India, with its vibrant start-up ecosystem, has seen a surge in entrepreneurial activity in recent years. However, despite the growing opportunities, many young entrepreneurs struggle to access the necessary financial resources to fuel their ventures. This study seeks to shed light on the specific financial hurdles they face and explore potential solutions to address these challenges.

Startups, in India as in many other parts of the world, have received increased attention in recent years. Their numbers are on the rise and they are now being widely recognised as important engines for growth and jobs generation. Through innovation and scalable technology, startups can generate impactful solutions, and thereby act as vehicles for socio-economic development and transformation.

1.1 Definition

Financial problems faced by startups in India refer to the challenges and obstacles encountered by newly established businesses in securing and managing their finances. These issues can significantly impact the sustainability and growth prospects of startups. Some common financial problems faced by startups in India include:

1. **Limited Access to Funding:** Startups often struggle to secure adequate funding due to limited access to venture capital, angel investors, or traditional financing options like bank loans. This lack of funding can hinder their ability to scale operations, develop products, or penetrate the market effectively.
2. **High Operating Costs:** Running a business in India can be expensive due to factors such as infrastructure costs, regulatory compliance expenses, and high taxes. Startups may find it challenging to manage these operational costs, especially during the initial stages when revenue generation is limited.
3. **Cash Flow Management:** Irregular cash flow is a common problem for startups, leading to difficulties in meeting day-to-day expenses, paying suppliers, or investing in growth opportunities. Poor cash flow management can hamper business operations and strain relationships with stakeholders.
4. **Market Volatility:** India's business environment can be volatile, with fluctuations in market demand, currency exchange rates, and regulatory policies. Startups may struggle to adapt to these changes, leading to revenue uncertainties and financial instability.
5. **Talent Acquisition and Retention Costs:** Hiring skilled professionals is essential for startup growth but can be expensive, particularly in competitive industries. Startups may face challenges in attracting top talent while offering competitive salaries and benefits, leading to higher recruitment and retention costs.

6. **Debt Burden:** Startups that rely heavily on loans or credit lines to finance their operations may face challenges in servicing debt obligations, especially if revenues fall short of projections or economic conditions worsen.
7. **Lack of Financial Literacy:** Many startup founders may lack sufficient financial knowledge or expertise to effectively manage their finances. This can lead to poor financial decision-making, inadequate budgeting, or failure to implement appropriate financial controls.
8. **Regulatory Compliance Costs:** Complying with complex regulatory requirements in India can be time-consuming and costly for startups, particularly in sectors such as fintech, healthcare, and e-commerce. Non-compliance can result in fines, legal penalties, or reputational damage.
9. **Difficulty in Exiting Investments:** Exiting investments through mergers, acquisitions, or IPOs can be challenging for startups in India, particularly due to regulatory hurdles, limited exit opportunities, or unfavourable market conditions.

1.2 Start-up in India



Startup India is a flagship initiative of the Government of India, intended to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India. Since the launch of the initiative on 16th January, 2016, Startup India has rolled out several programs with the objective of supporting entrepreneurs, and transforming India into a country of job creators instead of job seekers.

The broad scope of Startup India's programs is outlined in the Action Plan below, and is managed by a dedicated Startup India Team, which reports to the Department for Industrial Policy and Promotion (DPIIT).

The 19-Point Action Plan envisages the following forms of support for Startups, and more:

- Enhanced infrastructure including incubation centres
- Easier IPR facilitation, including easier patent filing

- A better regulatory environment including tax benefits, easier compliance, improved of setting up a company, faster exit mechanisms and more
- An economic stimulus in the form a INR 10,000 crore Fund of Funds managed by SIDBI, with the goal of increasing funding opportunities
- This website, also known as the Startup India Portal, which offers a range of useful resources and a vast networking database for entrepreneurs and other stakeholders in the Startup ecosystem.

Startup India is a flagship initiative of the Government of India, intended to build a strong ecosystem for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower Startups to grow through innovation and design.

In order to meet the objectives of the initiative, Government of India announced the Action Plan that addresses all aspects of the Startup ecosystem on 16th January 2016. With this Action Plan, the Government hopes to accelerate spreading of the Startup movement. The Action Plan is based on the following three pillars:

- **Simplification and Handholding**
- **Funding Support and Incentives**

1. **Industry-Academia Partnership and Incubation**

An additional area of focused relating to this initiative, is to discard restrictive States Government policies within this domain, such as License Raj, Land Permissions, Foreign Investment Proposals, and Environmental Clearances. It was organized by The Department for promotion of industry and internal trade(DPI&IT). A startup defined as an entity that is headquartered in India, which was opened less than seven years ago, and has an annual turnover less than 25crore (US\$3.5 million).

Under this initiative, the government has already launched the I-MADE program, to help Indian entrepreneurs build 1 million mobile app start-ups, and the MUDRA Banks scheme (Pradhan Mantri Mudra Yojana), an initiative which aims to provide micro-finance, low-interest rate loans to entrepreneurs from low socioeconomic backgrounds. Initial capital of 200 billion (US\$2.8 billion) has been allocated for this scheme.

The Reserve Bank of India said it will take steps to help improve the 'ease of doing business' in the country and contribute to an ecosystem that is conducive for the growth of start-up businesses.

Soft Bank, which is headquartered in Japan, has invested US\$2 billion into Indian startups. The Japanese firm has pledged to invest US\$10 billion. Google declared to launch a startup, based on the highest votes in which the top three startups will be allowed to join the next Google Launchpad Week, and the final winner could win an amount of US\$100,000 in Google cloud credits. Oracle on 12 February 2016 announced that it will establish nine incubation centres in Bengaluru, Chennai, Gurgaon, Hyderabad, Mumbai, Noida, Pune, Trivandrum and Vijayawada. The result of the first ever startup state ranking was announced in December 2018 by the Department of Industrial Policy and Promotion (DIPP) based on the criteria of policy, incubation hubs, seeding innovation, scaling innovation, regulatory change, procurement, communication, North-Eastern states, and hill states.

Kerala has initiated a government start-up policy called "Kerala IT Mission" which focuses on fetching 50 billion (US\$700 million) in investments for the state's start-up ecosystem. It also founded India's first telecom incubator Start-up village in 2012. The state also matches the funding raised by its incubator from Central government with 1:1. Telangana has launched the largest incubation centre in India as "T-Hub". Andhra Pradesh has allocated a 17,000-sq.ft. Technological Research and Innovation Park as a Research and Development laboratory.

It has also created a fund called "Initial Innovation Fund" of 100 crore (US\$14 million) ₹ for entrepreneurs. The government of Madhya Pradesh has collaborated with the Small Industries Development Bank of India (SIDBI) to create a fund of 200 crore (US\$28 ₹ million). Rajasthan has also launched a "Startup Oasis" scheme. In order to promote start-ups in Odisha, the state government organised a two-day Start-up Conclave in Bhubaneswar on November 28, 2016.

1.3 Start-up Companies

The Indian startup ecosystem has faced a range of challenges in 2023. Despite the resilience and ingenuity that startups in India are known for, there has been a notable slowdown in funding. The first six months of 2023 recorded the lowest funding in four years, with just \$3.8 billion across 298 deals. This represents a nearly 36% decline from the second half of 2022. The reason behind this reduction includes increased due diligence by investors, driven partly by recent financial misreporting issues and adverse market conditions.

Only two new unicorns (startups valued at \$1 billion or more) were created in India in 2023, a sharp contrast to the 23 new unicorns in 2022. However, the number of tech IPOs remained stable, with 18 tech companies going public in 2023, similar to the number in 2022.

Some of the best Startups

1	Pharm Easy
2	Digit Insurance
3	Meesho
4	Groww
5	Nykaa
6	Udaan
7	Dream11
8	Swiggy

1.4 Plans given by Government

- **Startup India Action Plan:** An Action Plan for Startup India was unveiled on 16th January 2016. The Action Plan comprises of 19 action items spanning across areas such as “Simplification and handholding”, “Funding support and incentives” and “Industry-academia partnership and incubation”. The Action Plan laid the foundation of Government support, schemes and incentives envisaged to create a vibrant startup ecosystem in the country.
- **Fund of Funds for Startups (FFS) Scheme:** The Government has established FFS with corpus of Rs. 10,000 crore, to meet the funding needs of startups. DPIIT is the monitoring agency and Small Industries Development Bank of India (SIDBI) is the operating agency for FFS. The total corpus of Rs. 10,000 crore is envisaged to be provided over the 14th and 15th Finance Commission cycles based on progress of the scheme and availability of funds. It has not only made capital available for startups at early stage, seed stage and growth stage but also played a catalytic role in terms of facilitating raising of domestic capital, reducing dependence on foreign capital and encouraging home grown and new venture capital funds.
- **Credit Guarantee Scheme for Startups (CGSS):** The Government has established the Credit Guarantee Scheme for Startups for providing credit guarantees to loans extended to DPIIT recognized startups by Scheduled Commercial Banks, Non-Banking Financial Companies (NBFCs) and Venture Debt Funds (VDFs) under SEBI registered Alternative Investment Funds. CGSS is aimed at providing credit guarantee up to a specified limit against loans extended by Member Institutions (MIs) to finance eligible borrowers viz. DPIIT recognised startups.
- **Regulatory Reforms:** Over 50 regulatory reforms have been undertaken by the Government since 2016 to enhance ease of doing business, ease of raising capital and reduce compliance burden for the startup ecosystem.

- **Self-Certification under Labour and Environmental laws:** Startups are allowed to self-certify their compliance under 9 Labour and 3 Environment laws for a period of 3 to 5 years from the date of incorporation.
- **International Market Access to Indian Startups:** One of the key objectives under the Startup India initiative is to help connect Indian startup ecosystem to global startup ecosystems through various engagement models. This has been done through international Government to Government partnerships, participation in international forums and hosting of global events. Startup India has launched bridges with over 17 countries that provides a soft-landing platform for startups from the partner nations and aid in promoting cross collaboration.
- **3Startup India Hub:** The Government launched a Startup India Online Hub on 19th June 2017 which is one of its kind online platform for all stakeholders of the entrepreneurial ecosystem in India to discover, connect and engage with each other. The Online Hub hosts Startups, Investors, Funds, Mentors, Academic Institutions, Incubators, Accelerators, Corporates, Government Bodies and more.
- **Startup India Showcase:** Startup India Showcase is an online discovery platform for the most promising startups of the country chosen through various programs for startups exhibited in a form of virtual profiles. The startups showcased on the platform have distinctly emerged as the best in their fields. These innovations span across various cutting-edge sectors such as Fintech, Enterprise Tech, Social Impact, Health Tech, EdTech, among others. These startups are solving critical problems and have shown exceptional innovation in their respective sectors. Ecosystem stakeholders have nurtured and supported these startups, thereby validating their presence on this platform.

- **National Startup Advisory Council:** The Government in January 2020 notified constitution of the National Startup Advisory Council to advise the Government on measures needed to build a strong ecosystem for nurturing innovation and startups in the country to drive sustainable economic growth and generate large scale employment opportunities. Besides the ex-officio members, the council has a number of non-official members, representing various stakeholders from the startup ecosystem.
- **Startup India: The Way Ahead:** Startup India: The Way Ahead at 5 years celebration of Startup India was unveiled on 16th January 2021 which includes actionable plans for promotion of ease of doing business for startups, greater role of technology in executing various reforms, building capacities of stakeholders and enabling a digital Aatmanirbhar Bharat.
- **Startup India Seed Fund Scheme (SISFS):** Easy availability of capital is essential for entrepreneurs at the early stages of growth of an enterprise. The capital required at this stage often presents a make-or-break situation for startups with good business ideas. The Scheme aims to provide financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization. Rs. 945 crore has been sanctioned under the SISFS Scheme for period of 4 years starting from 2021-22.
- **National Startup Awards (NSA):** National Startup Awards is an initiative to recognize and reward outstanding startups and ecosystem enablers that are building innovative products or solutions and scalable enterprises, with high potential of employment generation or wealth creation, demonstrating measurable social impact. Handholding support is provided to all the finalists across various tracks viz. Investor Connect, Mentorship, Corporate Connect, Government Connect, International Market Access, Regulatory Support, Startup Champions on Doordarshan and Startup India Showcase, etc.

1.5 Entrepreneurship



Entrepreneurship is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs.

Entrepreneurship has been described as the "capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit". While definitions of entrepreneurship typically focus on the launching and running of businesses, due to the high risks involved in launching a start-up, a significant proportion of start-up businesses have to close due to "lack of funding, bad business decisions, an economic crisis, lack of market demand—or a combination of all of these.

A broader definition of the term is sometimes used, especially in the field of economics. In this usage, an Entrepreneur is an entity which has the ability to find and act upon opportunities to translate inventions or technology into new products: "The entrepreneur is able to recognize the commercial potential of the invention and organize the capital, talent, and other resources that turn an invention into a commercially viable innovation." In this sense, the term "Entrepreneurship" also captures innovative activities on the part of established firms, in addition to similar activities on the part of new businesses.

Entrepreneurship is the act of being an entrepreneur, or "*the owner or manager of a business enterprise who, by risk and initiative, attempts to make profits*". Entrepreneurs act as managers and oversee the launch and growth of an enterprise. Entrepreneurship is the process by which either an individual or a team identifies a business opportunity and acquires and deploys the necessary resource required for its exploitation.

Early-19th-century French economist Jean -Baptiste Say provided a broad definition of entrepreneurship, saying that it "**shifts economic resources out of an area of lower and into an area of higher productivity and greater yield**". Entrepreneurs create something new, something different—they change or transmute values. Regardless of the firm size, big or small, they can partake in entrepreneurship opportunities. The opportunity to become an entrepreneur requires four criteria.

1. First, there must be opportunities or situations to recombine resources to generate profit.
2. Second, entrepreneurship requires differences between people, such as preferential access to certain individuals or the ability to recognize information about opportunities.
3. Third, taking on risk is a necessary.
4. Fourth, the entrepreneurial process requires the organization of people and resources.

The entrepreneur is a factor in and the study of entrepreneurship reaches back to the work of *Richard Can Tillion and Adam Smith* in the late 17th and early 18th centuries. However, entrepreneurship was largely ignored theoretically until the late 19th and early 20th centuries and empirically until a profound resurgence in business and economics since the late 1970s. In the 20th century, the understanding of entrepreneurship owes much to the work of economist Joseph Schumpeter in the 1930s and other Austrian economists such as *Carl Menger, Ludwig von Mises and Friedrich von Hayek*.

According to Schumpeter, an entrepreneur is a person who is willing and able to convert a new idea or invention into a successful innovation. Entrepreneurship employs what Schumpeter called "**the gale of creative destruction**" to replace in whole or in part inferior innovations across markets and industries, simultaneously creating new products including new business models. In this way ,creative destruction is largely responsible for the dynamism of industries and long-run economic growth. The supposition that entrepreneurship leads to economic growth is an interpretation of the residual in endogenous growth theory and as such is hotly debated in academic economics.

An alternative description posited by Israel Kerzner suggests that the majority of innovations may be much more incremental improvements such as there placement of paper with plastic in the making of drinking straws.

CHAPTER TWO

RESEARCH METHODOLOGY

2.1 Objectives of Study

A company's annual goals are referred to as its business objectives for startups. An objective is something you hope to accomplish in the future rather than concentrating on what you're now doing in your business.

Business leaders can set strategies, monitor their progress, and strive toward a specific goal by using business objectives. Objectives have the advantage of being tactical, measurable, and specific. They are specific rather than general statements.



Types of Business Objectives for Startups

1. Create a Sustainable Business plan

A sustainable business model must be developed before beginning the development phase so that everything related to the firm is understood. A well-crafted business plan might entice financiers or partnership companies to take the helm of the enterprise.

You must consider a number of factors when developing a business model, including the value your startup provides to customers, the functionalities it entails, how your product differs from those of your competitors, how you will manage the supply chain, how you will handle cash flow and other factors.

You can handle things and the development process more effectively with the aid of a sustainable business model. Don't try to imitate any other company model used in the sector; concentrate on your top priorities.

1. Expansion Goals

These are essentially the goals related to the vision. They show where you want to take your company in the following 5 to 10 years. Such a goal is essential for a startup, and these expansion goals help you stay on pace with your objectives.

2. Financial Objectives

For many startups, financial goals are a sort of death toll. This is because most people never acquire the skill of handling money responsibly during their lifetimes.

Making this observation is difficult. But most firms fail because they never establish a firm grasp of how to meet their financial obligations. A competent accountant must be hired. Invest your money in this, and watch your spending and account receivables carefully.

Maintaining accurate financial records is a requirement if you want to draw in outside funding.

3. Goals for Team Building

The main goal of any startup is to assemble a team with members with various skill sets, and their diverse motives make it more difficult to keep the team together. And it is a continuous goal that every business owner should pay great attention to.

Additionally, it has been observed that a group of individuals with diverse skill sets is not actually a team. Team development takes place over time as individual motivations of all participants become more in line with the overall objectives.

The true long-term goal of team building is the emotional integration of the team members, and it requires ongoing effort.

4. Leadership Goals

One of the wisest goals of any starting company is to become a leader, as this is the dream of any entrepreneur. Your business is your startup. Therefore, it is entirely your obligation to ensure the success of your company. You cannot put the blame on shifting market dynamics. Your team is not to a fault. If the company collapses, nobody or anything is to blame. You'll be required to assume full accountability for your company. On the other hand, you can also take pleasure in your company's success and bathe in its splendour. Yes, you can't claim sole responsibility for your accomplishment. Giving the credit away, though, will solidify your standing as a genuine corporate leader.

5. Establish a Minimum Viable Product [MVP]

The initial version of the product you create is a minimum viable product. MVP is used to assess a product's effectiveness and determine whether it meets the needs of the intended market.

Your business must create a minimal viable product because this will show whether or not your target market will like the product and whether it is useful. Before creating the final version of the product, make changes based on the results.

6. Look-up your Market and Clientele

You must comprehend your clientele if you want your startup to succeed in the market. You can do this to enhance your marketing and product, comprehend your market and determine whether your business concept is locally and internationally viable. Investigate your clientele's purchasing habits and behaviour to learn more about them. Customers can be engaged by filling out brief feedback forms that might give insight into your business's buyer personas. The benefits of comprehending client needs are numerous for firms.

2.2 Data Collection



The data collected in this research project is totally based on secondary data. The facts and figures are taken by the different resources.

(A) Meaning:

Secondary data means data that are already available i.e., they refer to the data which have already been collected and analysed by someone else. When their searcher utilises secondary data, then he has to look into various sources from where he can obtain them. In this case he is certainly not confronted with the problems that are usually associated with the collection of original data. Secondary data may either be published data or unpublished data. Usually published data are available in:

- (a) various publications of the central, state and local governments;
- (b) various publications of foreign governments or of international bodies and their subsidiary organizations;
- (c) technical and trade journals;
- (d) books, magazines and newspapers;

(e) reports and publications of various associations connected with business and industry, banks, stock exchanges, etc.;

(f) reports prepared by research scholars, universities, economists, etc. in different fields; and

(g) public records and statistics, historical documents, and other sources of published information. The sources of unpublished data are many; they may be found in diaries letters, unpublished biographies and autobiographies and also may be available with scholars and research workers, trade associations, labour bureaus and other public/ private individuals and organizations.

(B) Advantages and Disadvantages of Secondary Data:

Secondary data is available from other sources and may already have been used in previous research, making it easier to carry out further research. It is time-saving and cost-efficient: the data was collected by someone other than the researcher. Administrative data and census data may cover both larger and much smaller samples of the population in detail. Information collected by the government will also cover parts of the population that may be less likely to respond to the census (in countries where this is optional). A clear benefit of using secondary data is that much of the background work needed has already been carried out, such as literature reviews or case studies. The data may have been used in published texts and statistics elsewhere, and the data could already be promoted in the media or bring in useful personal contacts.

Secondary data generally have a pre-established degree of validity and reliability which need not be re-examined by the researcher who is re-using such data. Secondary data can provide a baseline for primary research to compare the collected primary data results to and it can also be helpful in research design. However, secondary data can present problems, too. The data may be out of date or in accurate.

2.3 Women's Entrepreneur in India



- The increasing presence of women as entrepreneurs has led to significant business and economic growth in the country. Women-owned business enterprises are playing a prominent role in society by generating employment opportunities in the country, bringing in demographic shifts and inspiring the next generation of women founders.
- With a vision to promote the sustainable development of women entrepreneurs for balanced growth in the country, Startup India is committed towards strengthening women entrepreneurship in India through initiatives, schemes, creation of enabling networks and communities and activating partnerships among diverse stakeholders in the startup ecosystem.

(A) Status of Women's entrepreneur in India:

Women's achievements in this time and age are exceptional with many of them making groundbreaking accomplishments in every sphere of life, particularly when it comes to entrepreneurship. And like elsewhere in the world, even in India, women-led businesses have been providing a great impetus to the economy. This was re-affirmed by the Union Minister for Micro, Small and Medium Enterprises, Shri Narayan Rane who during the Shakti National Conference 2023 stated that, "women entrepreneurs in India play a significant role in advancing the economic growth of the country and women owned business are now growing significantly."

(B)Reasons for becoming Women Entrepreneurs:

1. Desire for Independence:

Many women see entrepreneurship as a source of empowerment and autonomy. For freelance photographer-journalist Ama Ouattara, it is the need to distance herself from hierarchical institutions that has led her to entrepreneurship, as well as the flexibility to work on projects she is interested in and in the way she wants.

2. Willingness to Do Something Meaningful

Entrepreneurship is seen by many women as a way to engage in something that makes sense to them. Most of the time, it is about helping society or filling an unmet need in their environment. This is the case for Christen Konan, who started her financial coaching firm, KC Consulting's in Canada, to address the lack of education in the field.

3. Seeking a Better Work-Life Balance

This reason is perhaps the most prevalent among entrepreneurial moms. They find that entrepreneurship allows for greater flexibility in their schedule and in turn, for their family constraints and obligations. This is the case for Ms. Goran, for whom entrepreneurship makes it possible to work while still having time to spend with her children.

4. Looking for a Better Income

Less prevalent than some of the other reasons, but just as important, one motivation for women to pursue a career in entrepreneurship is the desire for better economic opportunities. This motivation usually occurs when they are either unemployed or looking for another source of income.

(C)Role of Government to develop Women Entrepreneurs in India:

Development of women has been a policy objective of the government since independence. Until the 70s the concept of women development was mainly welfare oriented. In 1970s, there was a shift from welfare approach to development approach that recognized the mutually reinforcing nature of the process of development. The 80s adopted a multi-disciplinary approach with an emphasis on three core areas of health, education and employment. Women were given priorities in all the sectors including SSI sector. Government and non- government bodies have paid increasing attention to women economic contribution through self-employment and industrial ventures.

Consortium of Women entrepreneurs of India provides a platform to assist the women entrepreneurs to develop new, creative and innovative techniques of production, finance and marketing. There are different bodies such as NGOs, voluntary organizations, Self-help groups, institutions and individual enterprises from rural and urban areas which collectively help the women entrepreneurs in their activities.

Training Programmes:

The following training schemes specially for the self-employment of women are introduced by government:

- (i) Support for Training and Employment Programmed of Women (STEP).
- (ii) Development of Women and Children in Rural Areas (DWCRA).
- (iii) Small Industry Service Institutes (SISIs).
- (iv) State Financial Corporations

Promotional Organizations to help Women Entrepreneur:

Federation of Indian Women Entrepreneur:

–The FIWE was started in 1993 at the fourth international conference of women entrepreneurs held in December at Hyderabad. Its main function was to establish networking and to provide a package of service to women entrepreneurs' association in India. Association of women entrepreneurs in different states are affiliated to FIWE, so that they can have networking.

Federation of Ladies Organization:

- FLO was formed in 1983 as a national level forum for women with the objective of women empowerment. FLO has spectrum of activities in order to promote women entrepreneurship and professional excellence. World Association of Women Entrepreneurs - The world association of Women entrepreneurs is an international women organization. It aims is to bring together all women who are qualified to take up an active and leading part in employers' organization along with their male colleagues. National Women Development Corporation - NWDC serves all women especially in rural and urban poor areas through promotion of women development in rural and urban areas.

Consortium of women entrepreneur of India (CWEI)

- In the context of the opening up of the economy and the need for up-gradation of technology, the consortium of women entrepreneur of India started in year 2001 provides a common platform to help women entrepreneurs in finding innovative techniques of production marketing and finance. Self- help groups (SHGs) - A SHGs' is a small, economical homogeneous and significant group of rural and urban poor, voluntarily formed to save and mutually agreed to contribute to common fund to be lent to its members as per group decision.

2.4 Research for Limited Start-up in India

The failing-start-up problem in India has become a big issue in the start-up ecosystem. As per statistics, majority of entrepreneurs fail while trying to establish their business. After studying failed start-ups in India, I have compiled a list of several major reasons behind their failure. From the lack of talent to changing market dynamics, these top reasons can become a night mare for any entrepreneur who wants to start a new venture in the ever-changing Indian-market.

Not Understanding the Needs of the Society:

Most successful business ideas arise from needs of the society. Since high school, teenagers become a part of the competition to get the best college and eventually, the best job. Due to competition, most people spend countless hours in studies and disconnect them selves from society. The divide between the tech-driven lifestyle of millennia's and lack of understanding for society's demands contribute towards failing business models. The educational pressure is one of the many reasons that experts believe to be the source for lack of understanding between people and society.

Lack of fresh and Innovative ideas:

Almost every niche market in India is suffocated with multiple startups trying to provide solutions to the same problem. This calls for entrepreneurs to be inventive and push the boundaries using innovation to stand out. Due to competition, the urge to grab market share makes an entrepreneur vulnerable to mistakes by producing the wrong product.

Lack of People with Hands-on Experience :

The startup ecosystem in India has a dearth of talent due to issues like brain drain. Due to the competition among startups, the idea of training a new employee goes right out of the window as time is a critical factor. Nobody wants to spend resources training the new crop when you can get experienced personnel. This has created a void of experienced professionals, who can contribute from the first day itself. By hiring amateurs, which most Indian startups do, they fail to provide a better product, which eventually leads to a startup's demise.

Limited Access to Funding :

Entrepreneurs have to fight hard to get funding for their startups nowadays. To get started, they use their savings or take money from friends and family. Very few are lucky to get angel funding. Moreover, venture

capitalists tend to finance only those business ideas that can provide a good return on investment. This results in majority of young entrepreneurs missing VC funding. As a result, most Indian entrepreneurs are not able to continue their venture due to lack of funding.

Lack of Understanding between Technical and Management Teams

There is a big difference between a technical graduate and a management graduate. For a startup to succeed, complete understanding is need between the two. The lack of technical know-how among management graduates and the lack of managerial knowledge among technical graduates is one of the common reasons behind the failure of startups in India .

Offering very High salaries

Startups in India face a serious shortage of talent pool. To bring experienced professionals on board, they offer high salaries to keep the startup in safe hands. However, offering high salaries to employees makes the startup eat in to its resources. The shortage of funds leads to instability within the startup, which leads to bad decisions.

Lack of Interpersonal and Soft Skill

Most entrepreneurs in India are found to lack interpersonal and soft skills. Due to poor communication skills, an entrepreneur increases the failure rate of his/her startup. The lack of such essential skills makes a startup not able to compete in international market. Also entrepreneurs face a lot of difficulty in pitching their business ideas to a venture capitalist with poor communication.

Not Able to Address the Issue of Scalability

Over one-third of Indian population is on the internet. Startups that have successfully built a product based on the needs of the society and are running profitably, will face the issue of scalability. In such cases, lack of awareness or no mentor-ship becomes the deciding factors behind a startup's failure. Due to in experience, entrepreneurs fail to understand the changing needs of their product's growing consumer base.

Unaware of Changing Market Dynamics:

Market dynamics keep changing with new trends becoming outdated in no time. Before a startup knows what hit them, it is often too late to react and change the strategy. Such scenarios arise when a startup's core team is unable to make timely decisions due to lack of industry insight, not conducting thorough research about the niche market, targeting a wide market segment, and more.

Every founder cannot be the CEO:

There can be only one CEO, even if there are many founders. Only one person sets the vision, and the others execute after there is broad agreement over what needs to be done. Too many people trying to display the big picture is a waste of time and shows role ambiguity. "Too many cooks spoil the broth" comes in when every body is the boss. Direction comes from a single person and that position must be stable, secure, and given space to experiment, with a reasonable error margin.

2.5 Entrepreneurship Development Plan:



Entrepreneurship is the process of setting up one's own business as distinct from pursuing any other economic activity, be it employment or practicing some profession. The person who set-up his business is called an entrepreneur. The output of the process, that is, the business unit is called an enterprise. It is interesting to note that entrepreneurship besides providing self-employment to the entrepreneur is responsible to a great extent for creation and expansion of opportunities for the other two economic activities, that is, employment and profession. (Can you think why and how?) Further, each business gives rise to other businesses– the suppliers of raw materials and components, service providers (be it transport, courier, telecom, distributor middlemen and advertising firms, accounting firms and advocates etc. And, in the process, entrepreneurship becomes crucial for overall economic development of a nation. Given its important role in the overall scheme of economic development, it is interesting to note that not many persons opt for a career in entrepreneurship.

Traditionally, it was believed that entrepreneurs are born. No society can wait for the chance of 'birth' of entrepreneurs to pursue its developmental plans. In fact, plans for economic development would bear little fruit unless entrepreneurship development is regarded as a deliberate process of making people aware of entrepreneurship as a career at an early age and creating situations where they may actually make a choice to become entrepreneurs.

When you make this choice, you become a job-provider rather than a job-seeker, besides enjoying a host of other financial and psychological rewards. Taking to entrepreneurship is surely more a matter of aspiring to become an entrepreneur rather as being born as one.

Concept of Entrepreneurships:

You are aware that entrepreneurship is regarded as one of the four major factors of production, the other three being land, labour and capital. However, it should surprise you that as regards its French origin, the term 'entrepreneurship' (derived from the verb 'entreprendre' meaning 'to undertake') pertained not to economics but to undertaking of military expeditions. So is true of many terms in management such as strategy (a course of action to beat the competition, the 'enemy') and logistics (movement of men and machines for timely availability), etc.

Historically, as wars are followed by economic reconstruction, it should be no surprise that military concepts are used in economics and management. It may be pointed out that whereas the wars are rare and far between, in today's competitive world, entrepreneurs wage wars every day. There is a tremendous pressure to continually develop new products, explore new markets, update technology and devise innovative ways of marketing and so on. The term 'entrepreneur' was first introduced in economics by the early 18th century French economist Richard Cantillon.

In his writings, he formally defined the entrepreneur as the "agent who buys means of production at certain prices in order to sell the produce at uncertain prices in the future". Since then a perusal of the usage of the term in economics shows that entrepreneurship implies risk/uncertainty bearing; coordination of productive resources; introduction of innovations; and the provision of capital.

We would like to define entrepreneurship as a systematic, purposeful and creative activity of identifying a need, mobilising resources and organising production with a view to delivering value to the customers, returns for the investors and profits for the self in accordance with the risks and uncertainties associated with business. This definition points to certain characteristics of entrepreneurship that we turn our attention to.

1. Systematic Activity:

Entrepreneurship is not a mysterious gift or charm and something that happens by chance! It is a systematic, step-by step and purposeful activity. It has certain temperamental, skill and other knowledge and competency requirements that can be acquired, learnt and developed, both by formal educational and vocational training as well as by observation and work experience. Such an understanding of the process of entrepreneurship is crucial for dispelling the myth that entrepreneurs are born rather than made.

2. Lawful and Purposeful Activity:

The object of entrepreneurship is lawful business. It is important to take note of this as one may try to legitimise unlawful actions as entrepreneurship on the grounds that just as entrepreneurship entails risk, so does illicit businesses. Purpose of entrepreneurship is creation of value for personal profit and social gain.

3. Innovation:

From the point of view of the firm, innovation may be cost saving or revenue-enhancing. If it does both it is more than welcome. Even if it does none, it is still welcome as innovation must become a habit! Entrepreneurship is creative in the sense that it involves creation of value. You must appreciate that in the absence of entrepreneurship ‘matter’ does not become a “resource.” By combining the various factors of production, entrepreneurs produce goods and services that meet the needs and wants of the society. Every entrepreneurial act result in income and wealth generation. Even when innovations destroy the existing industries, for example, zero machines destroyed carbon paper industry, mobile telephony threatens landline/ basic telephony, net gains accruing to the economy lend such entrepreneurial actions as commendable as the acts of creative destruction.

Entrepreneurship is creative also in the sense that it involves innovation- introduction of new products, discovery of new markets and sources of supply of inputs, technological breakthroughs as well as introduction of newer organisational forms for doing things better, cheaper, faster and, in the present context, in a manner that causes the least harm to the ecology/environment. It is possible that entrepreneurs in developing countries may not be pioneering/innovative in introducing path breaking, radical innovations.

4. Risk-taking:

As the entrepreneur contracts for an assured supply of the various inputs for his project, he incurs the risk of paying them off whether or not the venture succeeds. Thus, landowner gets the contracted rent, capital providers gets the contracted interest, and the workforce gets the contracted wages and salaries. However, there is no assurance of profit to the entrepreneur. It may be pointed out that the possibility of absolute ruin may be rare as the entrepreneur does everything within his control to de-risk the business. For example, he may enter into prior contract with the customers of his production.

So much so that he may just be contract manufacturer or marketer of someone else's products! What is generally implied by risk taking is that realised profit may be less than the expected profit. It is generally believed that entrepreneurs take high risks. Yes, individuals opting for a career in entrepreneurship take a bigger risk that involved in a career in employment or practice of a profession as there is no "assured" payoff. (See Box above) In practice, for example, when a person quits a job to start on his own, he tries to calculate whether he or she would be able to earn the same level of income or not.

Relations between Entrepreneurship and Management:

Entrepreneurship is about business start-ups and renewals. That is, it appears at the time of starting a new business, disappears for some time in the course of starting the venture as an on-going business and reappears in case there is a need for introducing changes in product, market, technology, structure and so on. In fact, it is said that everyone is an entrepreneur when he actually 'carries out new combinations,' and loses that character as soon as he has built up his business, when he settles down to running it as other people run their businesses.

In developing countries, however, the concept of owner-manager seems more apt for entrepreneurship as the entrepreneur remains attached even to the day-to-day operations of the venture. In fact, their lacking in managerial skills is often forwarded as the cause of business failures. Just as managers are expected to play entrepreneurial roles in the times of need, likewise the entrepreneurs must also demonstrate managerial abilities for the success of their ventures. Irrespective of whether the entrepreneurs pave way for the managers or they themselves assume the managerial responsibilities, it is possible to distinguish between the term's entrepreneurship and management.

Need for Entrepreneurship:

Every country, whether developed or developing, needs entrepreneurs. Whereas, a developing country needs entrepreneurs to initiate the process of development, the developed one needs entrepreneurship to sustain it.

In the present Indian context, where on the one hand, employment opportunities in public sector and large-scale sector are shrinking, and on the other, vast opportunities arising from globalization are waiting to be exploited; entrepreneurship can really take India to the heights of becoming a super economic power. Studies by Global Entrepreneurship Monitor, are search programmed involving annual assessment of the national level of entrepreneurial activity across a number of countries show that differences in the levels of entrepreneurial activity account for the differences in the level of economic growth to the extent of as much as 33%.

What is that the entrepreneurs do to affect economic development? This leads us to a discussion of the functions of the entrepreneurs in relation to economic development. As the enterprise is the object of their endeavour, it is also necessary that we examine their functions in relation to the enterprise as well. Thus, the need for entrepreneurship arises from the functions the entrepreneurs perform in relation to the process of economic development and in relation to the business enterprise.

Functions of Entrepreneurs in Relation to Economic development:

You are aware that entrepreneurs “organize” the production process. In the absence this function, all other resources, namely land, labour and capital would remain idle. They may not be inventing/discovering the products, their role in commercial exploitation of the advancements in science and technology via Organisation of the productive apparatus makes the other resources productive and useful. So much so that it is said that in the absence of entrepreneurial intervention, every plant would remain a weed and every mineral would remain a rock.

1. Contribution to GDP :

Increase in the Gross Domestic Product or GDP is the most common definition of economic development. You are aware that income is generated in the process of production. So, entrepreneurs generate income via Organisation of production be it agriculture, manufacturing or services. You are also aware that income generated is distributed among the factors of production where land gets rent, labour gets wages and salaries, capital gets interest and the residual income accrues to the entrepreneur in the form of profits.

As rent and interest accrue to those few who have land and capital respectively whereas larger masses are destined to earn their incomes via wage employment, the biggest contribution of the entrepreneurship lies in capital formation and generation of employment. This is what we turn our attention to.

2. Capital Formation:

The entrepreneurial decision, in effect, is an investment decision that augments the productive capacity of the economy and hence results in capital formation. In fact, GDP and capital formation are related to each other via Capital Output Ratio (COR); more precisely Incremental Capital Output Ratio(ICOR) that measures the percentage increase in capital formation required obtaining a percentage increase in GDP. So, if a country desires to grow @ 10.0 %p.a. and its ICOR is 2.6, then it must ensure capital formation @ 26.0% p.a. Entrepreneurs, by investing their own savings and informally mobilising the savings of their friends and relatives contribute to the process of capital formation.

These informal funding supplements the funds made available by the formal means of raising resources from banks, financial institutions and capital markets.

3. Generation of Employment:

Every new business is a source of employment to people with different abilities, skills and qualifications. As such entrepreneurship becomes a source of livelihood to those who do neither have capital to earn interest on nor have the land to earn rent. In fact, what they earn is not only a livelihood or means of sustenance but also a lifestyle for themselves and their families as well as personal job satisfaction. As such entrepreneurs touch the lives of many, directly as well as indirectly.

4. Generation of Business Opportunities for Others:

Every new business creates opportunities for the suppliers of inputs (this is referred to as backward linkages) and the marketers of the output (what is referred to as forward linkages). As a pen manufacturer you would create opportunities for refill manufacturers as well as wholesalers and retailers of stationery products. These immediate linkages induce further linkages. For example, greater opportunities for refill manufacturers would mean expansion of business for ink manufacturers.

In general, there are greater opportunities for transporters, advertisers, and, so on. So, via a chain-reaction, entrepreneurship provides a spur to the level of economic activity.

5. Improvement in Economic Efficiency:

You are aware that efficiency means to have greater output from the same input. Entrepreneurs improve economic efficiency by, a. Improving processes, reducing wastes, increasing yield, and, b. Bringing about technical progress, that is, by altering labour-capital ratios. You are aware that if labour is provided with good implements (capital), its productivity increases.

6. Increasing the Spectrum and Scope of Economic Activities:

Development does not merely mean 'more' and 'better' of the existing, it also and more crucially means diversification of economic activities— across the geographic, sectoral and technological scope. You are aware that underdeveloped countries are caught in the vicious cycles on the demand as well as supply side. Entrepreneurs penetrate into and break these cycles, for example, by organising and orienting domestic production for exports. Thus, production (and thereby generation of income) is not constrained by the inadequacy of domestic demand.

(Demand-side Vicious Cycle). In today's context, you are aware that India is poised to become a manufacturing hub for the global markets for diverse products. Economic development is also constrained by the supply-side pressures resulting into absence of capacity to meet the demand whether domestic or overseas. Entrepreneurs mobilise local and even overseas resources to augment the productive capacity of a country. Indian Multinational Giants is fast becoming a reality.

Entrepreneurs lead the process of economic development via bringing about sectoral change. You must be aware that as the economies grow, percentage of GDP originating from agriculture decreases and that originating in industry and services sectors goes up. Entrepreneurs through their decisions to divest from the stale sectors and invest in green-field sectors bring about a virtual transformation of the economy from 'underdeveloped' to an 'emerging' and 'developed' status.

7. Impact on Local Communities:

Entrepreneurship, in its natural habitat, that is, small business is at a great level. You may see from table on marginalized groups. That small-scale entrepreneurship enables such marginalised groups as women, SC, ST and OBC to pursue their economic dreams. As there are no entry barriers in terms of educational qualifications, entrepreneurship is an even more attractive career option for such marginalised groups. Agro based rural industries and craft-based cottage industries can really catapult local communities to socio-economic success stories.

Local governments do their bit in developing these entrepreneurship clusters with a view to encouraging inter-firm collaboration and development of common facilities. entitled, 'Entrepreneurship Clusters in India. 'In regard to the development of entrepreneurship for impacting local communities, some corporate-sector initiatives also deserve a mention. ITC through their 'e-Chau pal' and HLL through their 'Shakti' initiatives have sought to mobilise native entrepreneurs for improving the lot of those lying at the bottom of the economic pyramid.

8. Fostering the Spirit of Exploration, Experimentation and Daring:

Economic development, among other things, requires breaking away from the shackles of traditions and beliefs that restrict growth. For example, if 'crossing the seas' were a taboo, there would not have been international trade and the resultant economic growth. The established ways of life need to be challenged and change must be seen as an opportunity to improve rather than something to be scared of. Entrepreneurs, through their urge to do something new, seeing change as an opportunity, experimenting with the novel ideas and showing the courage to try them prepare a fertile ground for persistent economic development.

Have you seen the Hindi movie ‘Lagan,’ where the protagonist Bhuvan raises a cricket team from the villagers who had not even seen the game? Don’t the feats of Karasn Bhai of ‘Nirma’ who challenged ‘Surf’ from the mighty Hindustan Lever Limited make you proud of the daring of the entrepreneurs? Thus, whether one looks at economic development narrowly in terms of the increase in GDP or in the wider context of economic, institutional and social change, entrepreneurship plays a crucial role. Global Entrepreneurship Monitor studies report a lag of 1-2 years between entrepreneurial activity and economic development, suggesting that it takes time for the impact of entrepreneurship on economic development.

An important observation needs be made here. While entrepreneurship leads to economic development, the vice-versa is also true. That is, economic development also fosters entrepreneurship development. Growing economies provide a fertile soil for the flourishing of entrepreneurship, an aspect that we will take up while discussing entrepreneurship development.

Role of Entrepreneur in relation to their Enterprise:

Drawing an analogy from musicology in explaining the role of the entrepreneurs in relation to their enterprise, one may say that an entrepreneur is not only the composer of the musical score and the conductor of orchestra but also a one-man band. His roles and functions get much broader in scope in a developing country context like ours. entitled ‘Role and Functions of the Entrepreneur in Relation to his/her enterprise.’ These elements are no sequential as the figure may convey, the entrepreneur may have to address to all these elements simultaneously. Yet, depending upon their backgrounds, the individual entrepreneur may prefer one over the other. For example, technicians tend to be over obsessed with the production aspect; those with marketing background may over emphasise creation of market.

Investor type entrepreneurs may be over concerned with the returns from the project. One should resist the temptation of looking at the business only from one’s own narrow perspective. Having said this, it is apt that we provide a brief description of the various issues that may be relevant at each stage.

Opportunity Scouting:

Entrepreneurial opportunities have to be actively searched for. One may rely on personal observation, discovery or invention. Personal/professional contacts/networks and experience or may also help in identifying business opportunities. Alternatively, one may rely on published reports, surveys and the like. Narayan Reddy of Virchow Laboratories relied on the personal discovery of the molecule during his employment with a pharmaceutical company.

As observation means seeing/hearing/smelling with a purpose, opportunity spotting presupposes tendency to look at the things and phenomenon from an entrepreneurial mindset. Most of us have a consumer's mindset. If we see any object of desire, may be a pen, laptop, latest model of the mobile phone or somebody eating pizza or burger, we crave to have the same thing for our selves.

The entrepreneurial mind, on the other hand starts working out, what would be the market size, where to procure it from and at what price, will I able to woo the customers from the existing players and how— by selling it cheaper, by providing more value or by better service and so on. Entrepreneurial opportunities may also be identified through a process of research of international, domestic, sectoral/industrial analysis.

For example, post WTO, international trade and investment have become freer of restrictions. Textile quotas are being phased out, and, there are greater opportunities for textile and textile made-ups from India. Global outsourcing is on the rise and India offers a huge and varied pool of technical manpower that makes it a cost-effective destination for in-bound global outsourcing in manufacturing as well as Information Technology Enabled Services(ITES).

Identification of Specific Product Offering:

While the environment scan leads to the discovery of more generalised business opportunities, there is a need to zero in on to a specific product or service idea. For example, trade liberalisation since WTOs has resulted in export opportunities, but the question is what to export and where? You may be required to compile a country-product matrix to be able to decide.

This way you may arrive at the product-market combination showing the fastest growing import and from your point of view export potential. Deciding on the product offering makes the highest demand on the entrepreneur's creativity and innovativeness. Yet, in a competitive environment, it is possible to differentiate your product offering even if the generic product is the same and serves the same need. Clearly decision on specific product offering necessitates decisions on who is buying, why, and what are the value expectations. You will be able to succeed when the value delivered not only meets but also exceeds customers' expectations and create a 'Wow!' impact.

Feasibility Analysis : The product offering idea must be technically feasible, that is it should be possible with the available technology to convert the idea into reality. And this should be possible at a cost that can be covered by the price it will fetch; in other words, the idea must be economically feasible too. The project cost should be within the resources available and the resource providers should be reasonably sure of an appropriate return on (profit)and return of (safety and liquidity) of their investments.

That is, the idea must be financially viable as well. There should be enough sales in the immediate and the prospect of growth in the foreseeable future; there should be adequate assurance on the commercial viability of the chosen product offering. Now a day, it is also important to be sure that there aren't any environmental and other legal restrictions/necessity of prior approvals for setting up the business.

It is also to be decided as to whether the business will be organised as a proprietary concern/partnership firm/ company or cooperative entity. Clearly the chosen product offering must be feasible from the diverse perspectives. You must compile these findings in the form of a business plan that would have to be submitted to the funding authorities, in the Indian context, the State Finance Corporation of your area. They may be having a prescribed proforma in which the details of the business plan are required to be furnished and, as such there may a need to adapt the contents accordingly.

An idea about the generic contents of a business plan may be had from. The business plan may be appraised by the funding institution, and upon satisfying itself about the desirability of assisting your project and upon the furnishing of some margin money it may sanction the loan amount. Recall, Narayan Reddy and his two other associates provided Rs. 8 lakhs and the APSFC contributed Rs. 20 lakhs toward the overall project cost of Rs. 28 lakhs. Upon the project approval, the entrepreneur can proceed for project commissioning, that is putting up the factory premises, installing the equipment, obtaining the supplies of the input materials with a view to starting the manufacture and marketing the product.

As noted earlier too, entrepreneurial functions do not come to an end with the business start-up. He often looks after its day-to-day operations and strives for its stability and growth. Entrepreneurial roles and functions clearly seem onerous. Perhaps that is why many shy away to simpler, softer and safer options of employment and practice of profession. Entrepreneurial going may be tough; but then that is where the tough get going! Do not worry if presently you may find yourself short on those competencies, values and attitudes. It is just a matter of making up your mind for a career in entrepreneurship and grooming yourselves for it.

The process of Entrepreneurship Development:

Entrepreneurship does not emerge spontaneously. Rather it is the outcome of a dynamic process of interaction between the person and the environment. Ultimately the choice of entrepreneurship as a career lies with the individual, yet he must see it as a desirable as well as a feasible option. In this regard, it becomes imperative to look at both the factors in the environment as well as the factors in the individual as having a bearing on the perception of desirability and feasibility and thereby entrepreneurship development.

One may, therefore, model the process of entrepreneurship development in terms. In general, capitalist economy with its emphasis on individual achievement is more suitable for entrepreneurship. Lower rates of taxation on personal income, lower rates of interest and moderate inflation stimulate entrepreneurial activity. (Can you think why it is so?) Moderately low external value of domestic currency or in other words, moderately lower exchange rates, stimulate import substituting and export promoting entrepreneurship. (Can you rationalise why?).

Well-developed financial system, good infrastructure, helpful bureaucracy all these have a favourable impact on entrepreneurship. Specially designed and dedicated institutions such as National Institute for Entrepreneurship and Small Business Development (visit, niesbud.nic.in), Entrepreneurship Development Institute of India (visit, www.ediindia.org) that conduct entrepreneurship awareness and entrepreneurship development programmes (EAPs and EDPs) a further fillip to this activity .

An important enabler or disabler of entrepreneurship is the prevailing socio-cultural milieu. Those societies that respect individual freedom to choose among occupations, that encourage the spirit of enquiry, exploration and experimentation, celebrate individual accomplishment and in general accord important status to the entrepreneurs are likely to have self-sustaining supply of able and willing men and women for taking to entrepreneurship as a career.

The role of the individual in Entrepreneurship Development:

Mr. Narayan Reddy was desirous of starting a small-scale industry and also had a sense of efficacy or readiness to pursue it given his qualifications, experience and the necessary values, attitudes and motivation (the opening case does not elaborate this. We will discuss these at suitable places). Even you may like to see as to where do you find yourself on the desirability (willingness)-efficacy (ability) matrix, won't you? As you may see from the matrix figure able and willing men and women are a "ready" source of entrepreneurship. Such persons leap up the first opportunity comes their way to be on their own.

Recall, Narayan Reddy leapt up the opportunity as he met the two medicos who had returned from the Gulf. At any point of time, there are many men and women who "want" to set up a business of their own but experience self-perceived barriers to entrepreneurship. They could be behaving a low perception of self-efficacy either on account of lack of resources (or to be more correct, resourcefulness), knowledge or know-how, and the skills. Collectively, these are referred to as competencies, which now we turn our attention to.

Entrepreneurial Competencies:

Every opportunity and successful performance of every role and function has a competence requirement. It's true of entrepreneurship as well. entitled 'Cash ORKASH?' The term 'competence' refers to a composite of knowledge, skills and a host of psychosocial attributes (including Attitudes and Motivation that we will be discussing separately) in a person that mark his/her effectiveness for a task. The phrase 'composite' is crucial. For example, the competence "ability to communicate vision" is much more than proficiency in writing/ speaking skills.

It would involve, just to illustrate, vision clarity, understanding the audience background, interest and readiness, knowledge about the media and choosing the most appropriate one, attracting attention, delivery, leaving not merely an impression but also an impact and, assessing effectiveness. So, when the entrepreneur in the television interview pointed out KASH as the determinants of successful entrepreneurship, he was indeed referring to the competencies.

Competency approach to human resource development in general and entrepreneurship development in particular was pioneered by David McClelland, a Harvard University psychologist in the late 1960's and early 1970's. (You will be learning more on McClelland's work when we discuss entrepreneurial motivation.)McClelland set out to define competency variables that could be used in predicting job performance and that were not biased by race, gender, or socio-economic factors. As a result, it becomes more important to learn what a person does rather than who he/she is.

That is why management and also entrepreneurship is better defined as what a manager or an entrepreneur does. Because competencies can be built via a process of education and development, we may say that entrepreneurs are made. What are the distinct competencies for entrepreneurship? In this regard one may refer to the efforts of Entrepreneurship Development Institute of India(EDI), a national resource institution in the area of entrepreneurship education research and development EDI has identified a set of 15 competencies that contribute toward entrepreneurial performance and success. These are briefly stated hereunder.

Initiative : Acting out of choice rather than compulsion, taking the lead rather than waiting for others to start. Sees and Acts on Opportunities: A mindset where one is trained to look for business opportunities from everyday experiences. Recall ‘ oranges’ example.

Efficiency Orientation : Concern for conservation of time, money and effort.

Systematic Planning : Breaking up the complex whole into parts, close examination of the parts and inferring about the whole; e.g. simultaneously.

Persistence : A ‘never say die’ attitude, not giving up easily, striving continuously until success is achieved. Information seeking: Knowing and knowing who knows, consulting experts, reading relevant material and an overall openness to ideas and information.

Concern for High Quality of Work: Attention to details and observance of established standards and norms. Commitment to Work Contract: Taking personal pains to complete a task as scheduled. attending to production, marketing and financial aspects (parts) of the overall business strategy (the whole).

Problem-solving : Observing the symptoms, diagnosing and curing. Self-confidence: Not being afraid of the risks associated with business and relying on one’s capabilities to successfully manage these.

Assertiveness : Conveying emphatically one’s vision and convincing others of its value.

Persuasion: Eliciting support of others in the venture. Use of Influence Strategies: Providing leadership.

Entrepreneurial Motivation:

Men and women who have a perception of self-efficacy and are yet to feel interested in or motivated by the idea of being on their own comprise a potential, future source of entrepreneurship. What motivates a person is a question easier asked than answered. Mr. Narayan Reddy was driven by the desire to utilise his discovery of the molecule as a business opportunity. In terms of Maslow’s need hierarchy theory, one may say that Mr.

Narayan Reddy was driven by the need for self-actualisation. Since entrepreneurial situation is characterised by personal accomplishment in competitive situations and involving higher standards of excellence, one often come across reference to 'need for achievement' or N-ach for short as the primary driver of entrepreneurial behaviour. See Box entitled 'How NACH. Drives Entrepreneurship and Economic Development'.

Need for Achievement (N-Ach.): Need for achievement implies a desire to accomplish something difficult. To master, manipulate, or organise physical objects, human beings or ideas. To do this as rapidly and as independently as possible. To overcome obstacles and attain a high standard. To excel one's self. To rival and surpass others. To increase self-regard by successful exercise of talent. Yes, entrepreneurship provides you with the best opportunity for making the best use of your talents as in employment the 9-5 routine, pressure to adhere to rules and regulations, preference for compliance of boss's instructions over the use of personal creativity and innovativeness stifles your progress and self-development. You can create a work environment that suits your abilities and interests.

Need for Power (N-Pow): Need for Power is the concern for influencing people or the behaviour of others for moving in the chosen direction and attaining the envisioned objectives. In common perception, politicians, social religious leaders Chief Executive Officers (CEOs), Government Bureaucrats/Civil Servants typify the need for power. Such a perception seems more based on the belief that the source of power lies in the "position" a person occupies in organisational /societal context. In the same vein, business ownership too may imply a need for power. Moreover, you would appreciate that the process of founding a business, one has to win the commitment of capital providers, suppliers of equipment and materials, the employees and that of the customers.

Power may not be used to further one's self-interests alone, it may be also be used to touch the lives of others, to make a difference. Entrepreneurs driven by this socialised face of the need for power. They found organisations that are a source of sustenance and self-respect for many. needs. Entrepreneurs are believed to be low on affiliation, as they are and expected to be, innovative, trendsetters and tradition breakers. However, it is not necessary that affiliation should only interfere with achievement. In certain cultures, family comprises the bedrock on which the successful careers are built. One works, as if, not for personal gratification but for family.

Desire to Need for Affiliation (N-Aff.): Often you must have heard your parents saying that whatever they do they do it for their children. If a man thinks about interpersonal relationships, he has a concern for affiliation. It implies, among other things a tendency of the people to conform to the wishes and norms of those whom they value. Apparently, social activists, environmentalists, teachers, and doctors and nurses may seem as predominantly driven by these carries on the tradition of business in the family and the community to which one belongs, may be interpreted as reflecting need for affiliation as well.

In the countries with the colonial past, such as ours, the first generation of entrepreneurs in Independent India was driven by patriotic fervour and the desire to rebuild the economy left stagnated by the alien rulers. One can certainly trace some elements of affiliation motivation in such instances.

Entrepreneurial Values and Attitudes :

While explaining human behaviour, one often comes across the terms' values and attitudes. Rather than attempting to distinguish between these two terms, it would be sufficient to say here that taken together, entrepreneurial values and attitudes refer to the behavioural choices' individuals make for success in entrepreneurship.

The word 'choice' is important, as there are alternative ways of behaving too. In entrepreneurship, a host of behavioural tendencies or orientations have been reported as having a bearing on success. The entrepreneur in 'Cash or KASH' labelled these as 'Habits', some researches have called these as policies or strategies. Be it the decision to make a choice about entrepreneurship as a career, be it the decision to choose the product line, growth strategy, profit making and social responsibility you would be required to make choices.

The choice that you make may have a tremendous impact on your performance. What we do here is to profile some of the dimensions relating to starting and managing a business and the associated behavioural alternatives, we have considered here two to keep the things simple. We have highlighted those alternatives that have been generally observed to be associated with superior performance.

Entrepreneurship for Preserving Personal Work Ethos:

In industries having captive power plants, a day's downtime can cause a loss of crores of rupees. While working for a public sector electrical major, an engineer found it really difficult to cope with the bureaucratic attitude in servicing the customers. It clashed with his personal value, 'client's problems be attended first, paperwork can wait'. He quit the job and started a turbine repairing and refurbishing company. Incidentally, it takes more money to travel or to transport than to repair or refurbish the turbine. But the downtime is reduced and the clients are happy. Later the company also diversified into the manufacture of the parts and commissioning of the captive power plants on a turnkey basis.

How N-Ach. Drives Economic and Entrepreneurship Development:

Credit for investigating and bringing to the fore the role of need for achievement goes to McClelland, the Harvard professor whom we referred to also in the discussion of competency-based approach to human resource and entrepreneurship development. He set out to investigate why some countries are more developed than others. He sought to find answer to this question by examining the proposition that 'differences in the level of achievement motivation are responsible for 'differences in the level of economic development'.

For this he examined the popular stories and folklore and readers up to primary classes of 39 countries for finding out whether they focused on personal accomplishment, triumph of human courage and effort over the circumstances and so on. McClelland's research upheld the proposition that differences in the levels of achievement motivation as revealed by the analysis of the stories and the readers accounted for the differences in the level of economic development.

How? What would be the process? McClelland observed that entrepreneurship becomes the medium through which the achievement motivation manifests the best and through which the development takes off.

Process of Setting up a Business

Business Roles and Functions of the Entrepreneur in relation the Enterprise:

Developing Exchange Relationships:

1. Perceiving market opportunities
2. Gaining command over scarce resources
3. Purchasing inputs
4. Marketing of Products and responding to competition

Political Administration:

5. Dealing with public bureaucracy (approvals, concessions, taxes)
6. Managing human relations within the firm
7. Managing customer and supplier relations.

Management Control:

8. Managing finance
9. Managing production

Technology:

10. Acquiring and overseeing assembly of the factory
11. Industrial engineering (minimizing inputs with a given production process)
12. Upgrading the production process and product quality
13. Introducing new production techniques and products.

CHAPTER THREE

LITERATURE REVIEW

INTRODUCTION

Review of Literature is a body of text. It seeks to describe, summarize, evaluating, clarify and Integrate the content of previous researches. A literature review or narrative review is a type of review article. A literature review is a scholarly paper, which includes the current knowledge including substantive findings, as well as theoretical and methodological contributions to a particular topic. Literature reviews are secondary sources, and do not report new or original experimental work.

The aim of a literature review is to show particular reader that researcher have read, and have a good grasp of, the main published work concerning a particular topic or question in specific field. This work may be in any format, including online sources.



Literature Review

3.1 Impact Education System & Conservative Lifestyle :

The education system is one of hindrance for start-ups. In college, students are usually trained with advanced techniques but lack of marketing, sales and operational ability and leadership skills needed to advance their own enterprises. In addition, conservative lifestyle also contributes as one of obstacles. As a culture of family remains, family remains sceptical to change and prefer options that are able to provide a steady income rather than engaging risk. This places pressure on the budding entrepreneur who fall victim to the dichotomy of providing for the family instead of following some “whimsical” dream (Au & Kwan, 2009).

Education plays a vital role in driving economic development and reducing poverty. By equipping individuals with relevant skills and knowledge, education enhances employability and opens doors to better job opportunities. A well-educated workforce contributes to a productive economy, attracts investments, and fosters innovation and technological advancements. Furthermore, education promotes entrepreneurship, empowering individuals to create their ventures and stimulate economic growth. Through education, individuals can break the cycle of poverty and create a better future for themselves and their families.

3.2 Lack of System Networks & Entrepreneurship Ecosystem :

One of the major challenges is that there is severe shortage of start-up support networks and entrepreneurship ecosystems. In many western countries, there are special institutions serve as incubators, start-up accelerators, start-up competitions for entrepreneurs to put their ideas to test and obtain necessary guidance. In India, incubators, start-up accelerators, and start-up competitions are slowly making their way into the first-tier cities, but there truly are not enough to go around. As a result of this shortage, many start-ups fail at the “idea” stage of their business. The ecosystem usually does not directly provide funding to start-ups; they just serve as platforms that link investors and entrepreneurs so that entrepreneurs can obtain necessary funding to test out their ideas.

The lack of these facilities makes it more difficult for entrepreneurs to find investors. In return, investors are more difficult to find entrepreneurs as well. Even if entrepreneurs are able to find investors, they will face an entirely different set of challenges. Indian culture inherently does not promote entrepreneurship. Conversely, it encourages stability, employment at largest at-owned or private organizations and, above all, teaches people to be risk averse. Even if young Indian individuals have intention to start their own business, their family usually places a considerable amount of negative pressure on them to forget entrepreneurship and look for a “stable job” instead.

General start-up policies have proved to have limited effectiveness in increasing the number of number of HGFs. The objective of ecosystem policy is to achieve this goal by improving the environment that surrounds such firms. But, this poses challenges for public policy since it is not obvious from this discussion how government intervention might promote the emergence

of entrepreneurial ecosystems or stimulate the key processes of spin-offs and the emergence of entrepreneurial support in its various forms. Indeed, it is difficult to point to any entrepreneurial ecosystem that has arisen through direct government intervention. There are certainly no simplistic policy solutions or ‘silver bullet’ (Isenberg, 2011a).. This section is in two parts. First, it discusses a number of general principles that underlie the development of policies to promote entrepreneurial ecosystems. It then develops taxonomy of approaches to intervention at the level of the individual ecosystem.

3.3 India lacks enough angel investors :

Unlike the West, India does not have an adequate number of angel investors who can fuel the growth of the country’s thriving start-up ecosystem, industry body NASSCOM has said.“ For a successful start-up ecosystem there is a need for enough angel investors who can support budding entrepreneurs from an early

stage. But this is not happening in India and there is a serious lack of it, ”NASS COM Vice-President Rajat Tandon told PTI. “High net-worth individuals and corporate executives, among others, should come forward and participate in this growth story,” he said. A recent report by NASSCOM had said India ranks third among global start-up ecosystems, with more than 4,200 new-age companies.

Tandon said, “The case is very different in countries like the US. People are just waiting to invest in good companies. We should also have something like that. ”“Mainly, investors (in India) are afraid because there is a high risk of failure in these investments and also there is a lack of policy on such investments,” he added. “Why will investors put money in such companies? They need tax benefit sand a number of other things to put in their money.

We have already written about these things to the Government and I am sure we can expect something by the year-end,” he said. In his Independence Day speech, Prime Minister Narendra Modi had announced a new campaign „Start-up India; Stand up India to promote “bank financing for start-ups and offer incentives to boost entrepreneurship and job creation in the country. “At NASSCOM, we are not only encouraging investors but also asking people to

mentor start-ups. Like someone has a design business, they can help start-ups develop UIs and guide them in the process. In return they take some equity,” he said. “And there are people like Ratan Tata and Azim Premji, who are making a slew of investments and helping these young entrepreneurs.

They are the inspiration,” he said. Ratan Tata has invested in a number of companies including Ola, Snapdeal, Paytm, Urban Ladder, and Bluestone. Wipro boss Azim Premji has funded companies such as Myntra and Amagi, among others, through his investment arm Premji Invest.

3.4 Human Talent :

Compared to large mature enterprises, small start-ups are in an exponentially more difficult dilemma and encountering much severe challenging in recruiting due to the reason that it cannot pay high salary to its employees or offer any career development opportunities aside from building their business from the ground up. What is worse is that working for a start-up in China is far less glamorous than working for a start-up in the west due to culture differences. It is a disaster for a company who needs to execute on their business plan with minimal errors to just survive the month.

Are you a startup founder looking to attract top talent to your company? The success of your startup depends on the expertise, innovation, and drive that talented individuals can bring to the table.

Finding the right talent is crucial for startups, as they need individuals who can contribute towards their growth and success. Startups offer a dynamic and fast-paced work environment where employees have the opportunity to make a significant impact.

By showcasing the unique opportunities that come with working at a startup, such as autonomy, flexibility, and potential for rapid career growth, you can appeal to talented professionals who are seeking new challenges and want to be part of something groundbreaking.

3.5 Women Entrepreneur :

Melanne Verveerin, Women entrepreneurs are a vital source of growth that can power our economies for decades, yet they face tremendous challenges to their full economic participation. The GEM Women 's Report provides important data which is critical to our understanding of women-run SMEs. V Krishnamurthy and R Balasubramaniam, identified the important women entrepreneurial motivation factors and its impact on entrepreneurial success.

The study identified ambition, skills and knowledge, family support, market opportunities, independence ,government subsidy and satisfaction are the important entrepreneurial motivational factors. The study also concluded that ambition knowledge and skill independence dimensions of entrepreneurial motivational has significant impact on entrepreneurial success.

Jalbert, (2000) performed a study to explore the role of women entrepreneurs in a global economy. It also examined how women 's business associations can strengthen women 's position in business and international trade. The analysis is performed on the basis of facts and data collected through field work (surveys, focus groups and interviews) and through examining the existing published research.

The study has shown that the women business owners are making significant contributions to global economic health, national competitiveness and community commerce by bringing many assets to the global market.

Bowen &Hirsch, (1986), compared & evaluated various research studies done on entrepreneurship including women entrepreneurship. Its summaries various studies in this way that female entrepreneurs are relatively well educated in general but perhaps not in management skills, high in internal locus of control, more masculine, or instrumental than other women in their values likely to have had entrepreneurial fathers,

relatively likely to have first born or only children, unlikely to start business in traditionally male dominated industries & experiencing a need of additional managerial training. Singh, (2008), identifies the reasons & influencing factors behind entry of women in entrepreneurship.

He explained the characteristics of their businesses in Indian context and also obstacles & challenges. He mentioned the obstacles in the growth of women entrepreneurship are mainly lack of interaction with successful entrepreneurs, social un-acceptances women entrepreneurs, family responsibility, gender discrimination, missing network, low priority given by bankers to provide loan to women entrepreneurs.

He suggested the remedial measures like promoting micro enterprises, unlocking institutional frame work, projecting & pulling to grow & support the winners etc. The study advocates for ensuring synergy among women related ministry, economic ministry & social & welfare development ministry of the Government of India.

CHAPTER FOUR

DATA ANALYSIS AND DATA INTERPRETATION



Report on a survey of A Study on Financial Problems Faced by Start-up in India . This survey contains people's personal response which I have gather through Google Forms within Navi Mumbai, Airoli.

4.2 Data Analysis

1. Do you think Startups are really performing well ?

- Yes ----- 55.6 %
- No ----- 11.1%
- Maybe ----- 33.3%

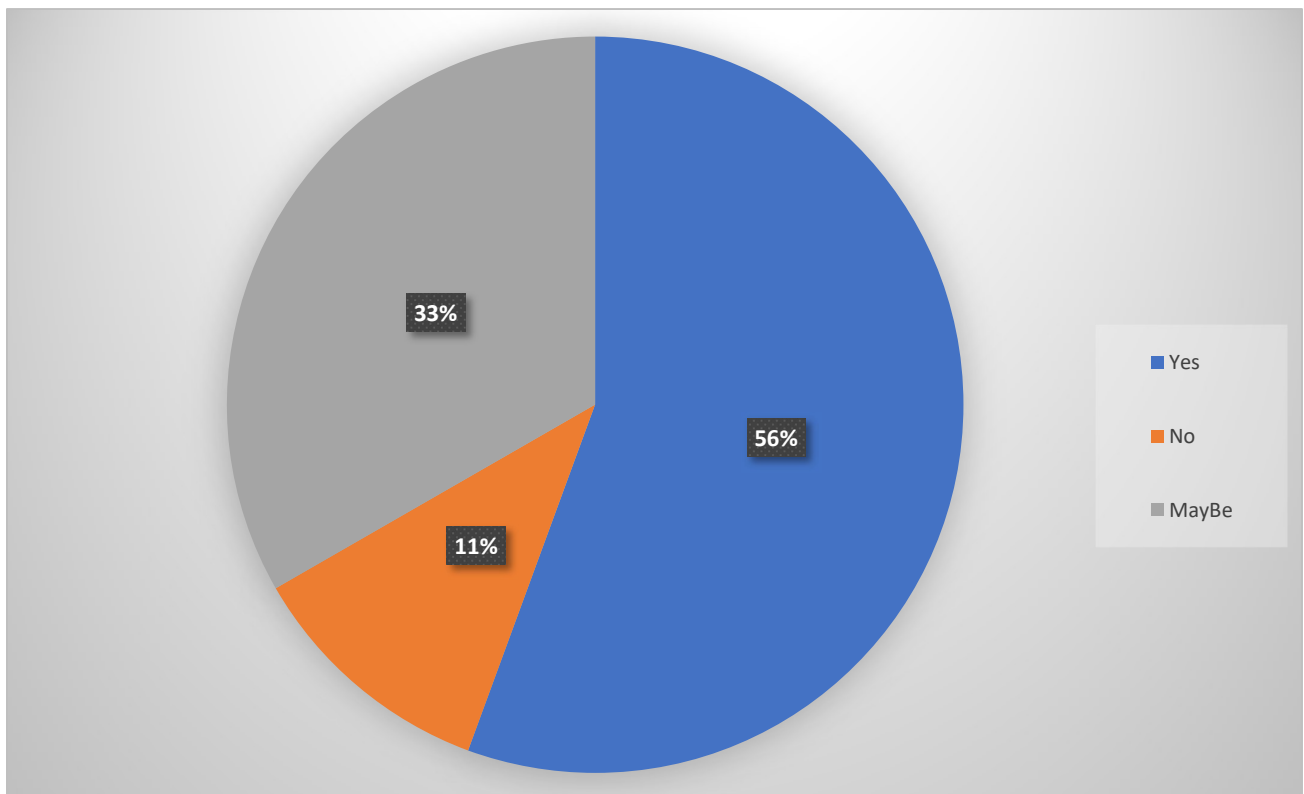


Table No. 4.1

INTERPRETATION :

This survey indicates that only 55.6 % of people thinks start-up are really performing well. While other 11.1 % of people don't think start-up are performing well.

2. Assume you were working and could choose between different kinds of jobs. Which of the following would you choose ?

- Being an employee ----- 13.3 %
- Being self- employed ----- 71.1 %
- Can't Choose ----- 15.6 %

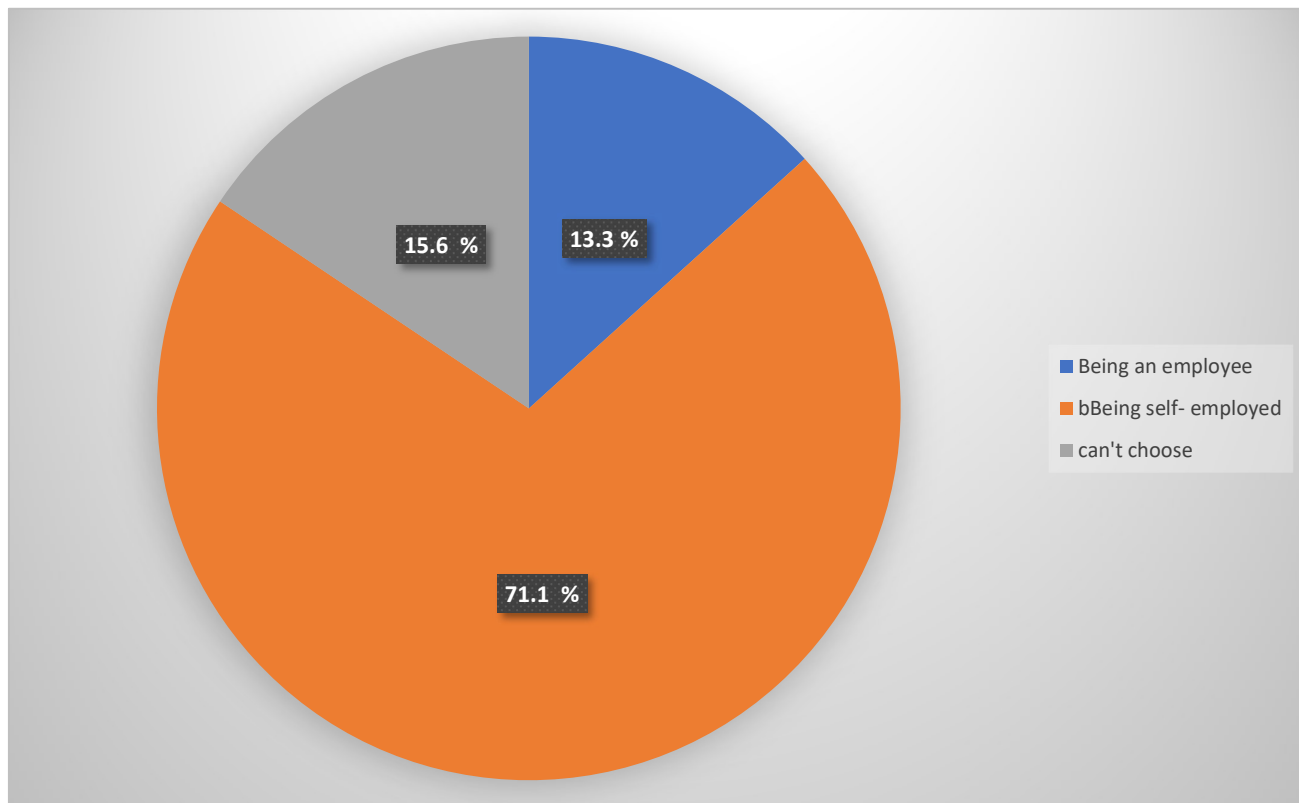


Table 4.2

Interpretation :

According to the response to the above question,

71.1 % of choose to Being Self – Employed.

15.6 % of choose Nothing.

13.3 % of choose to Being an Employee.

3. Is it easy to find financing support for starting your own business ?

- Yes ----- 26.7 %
- No ----- 53.3 %
- Maybe ----- 20 %

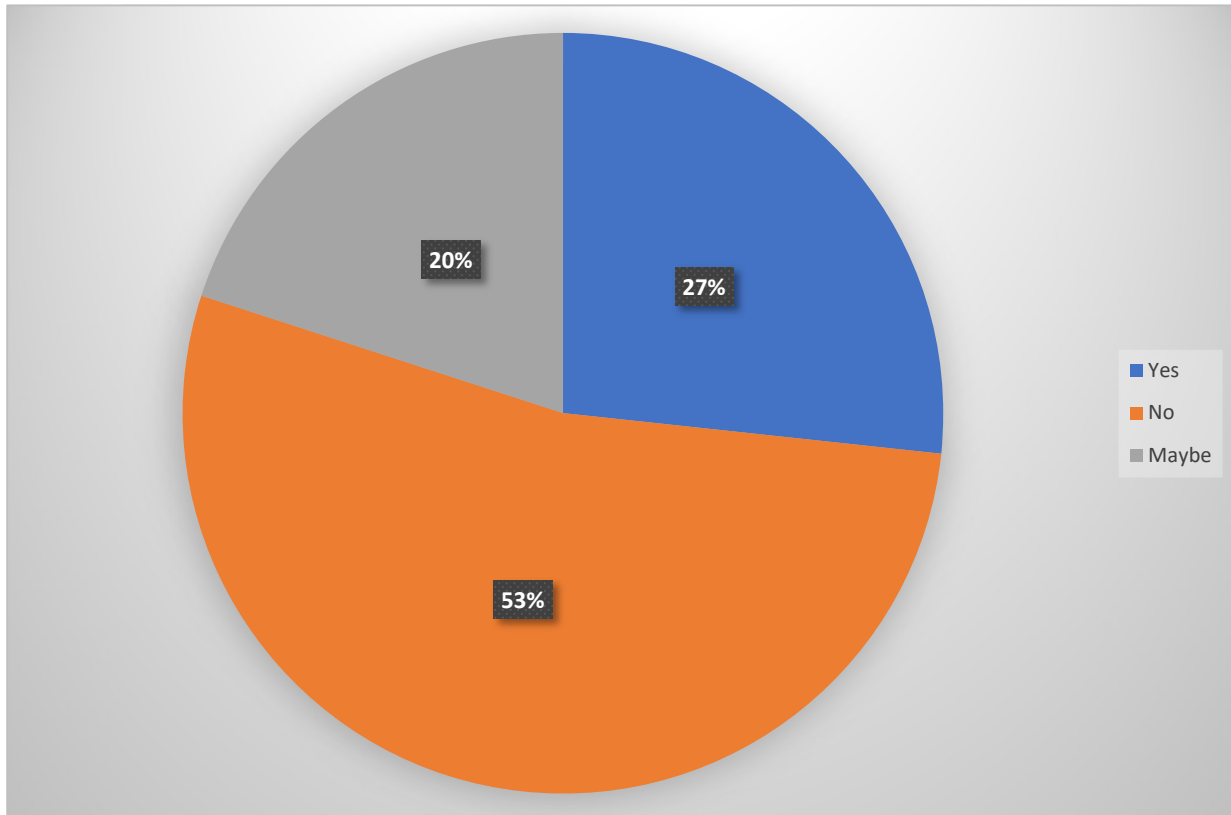


Table . 4.3

Interpretation :

According to the responses to the above questions :

53 % opinions are It is easy to find financing support for starting your own business.

27 % opinions are it is not easy to find financing support for starting your own business.

20 % opinions are it Maybe.

4. Where would you go for funding ?

- Family / Friends or personal contacts ----- 33.3 %
- Government Grants ----- 22.2 %
- Banks, micro – credit institutions, etc ----- 42.2 %
- Own Funding ----- 2.3 %

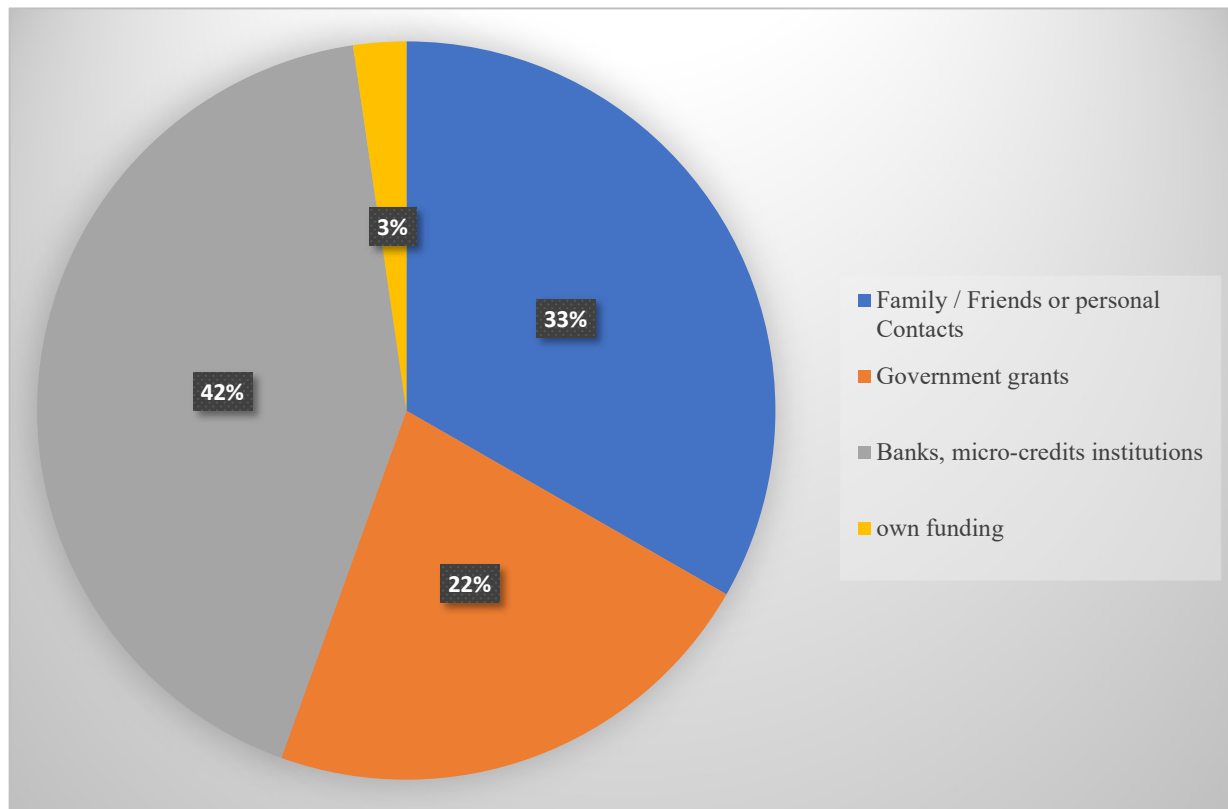


Table 4.4

Interpretation :

According to the response to the above questions :

33.3 % prefers to go for funding form Family / Friends or personal contacts.

22.2 % prefers to go for funding from Government grants.

42.2 % prefers to go for funding from Banks, micro-credit institutions, cooperatives.

2.3 % prefers to go for funding from Own Funding.

5. Which you thinks really matters for startup ?

- Education ----- 2.2 %
- Experience ----- 15.6 %
- Both ----- 82.2 %

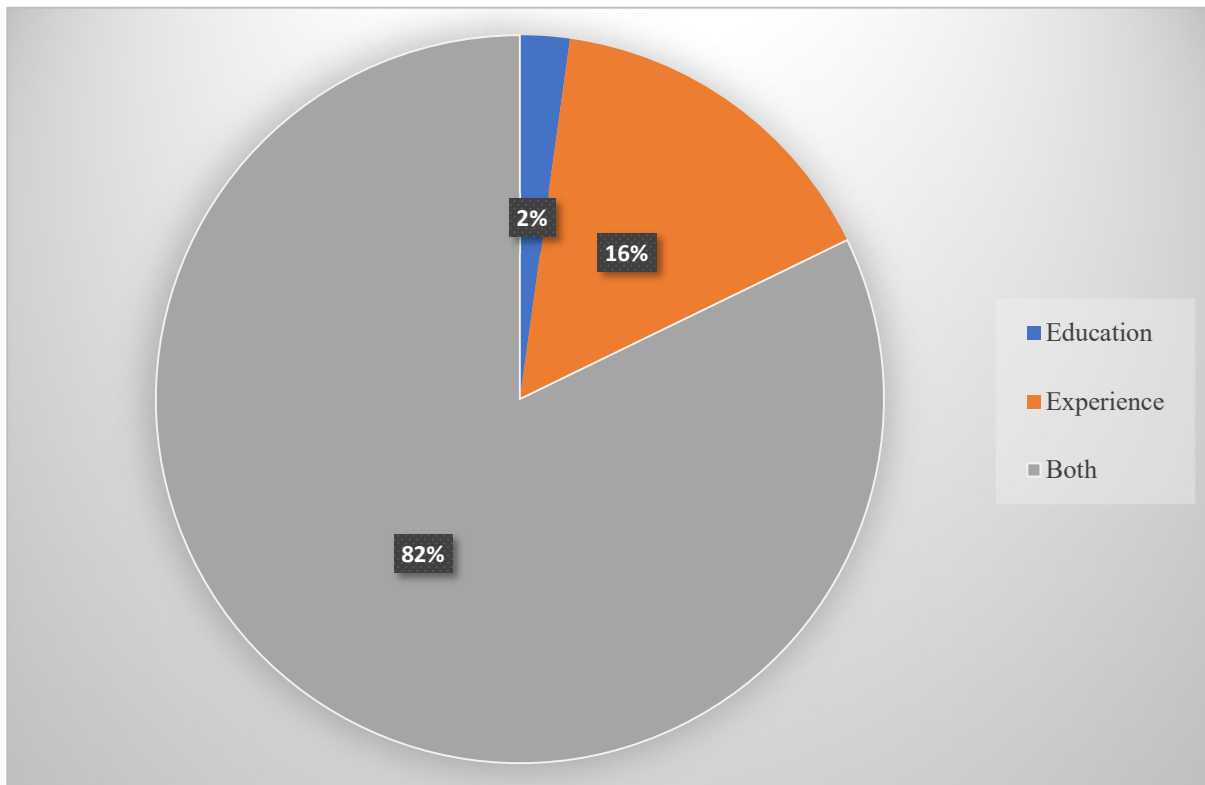


Table 4.5

Interpretation :

According to the response to the above questions :

2.2 % prefers Educations really matters for startups.

15.6 % prefers Experience really matters for startups.

82.2 % prefers Both are really matters for startups.

6. What have been important De-motivators (fears) for you to engage in business ?

- Financial risks ----- 62.2 %
- Access to finance ----- 11.1 %
- Social risks or cost ----- 8.9 %
- Lack of skills ----- 17.8 %

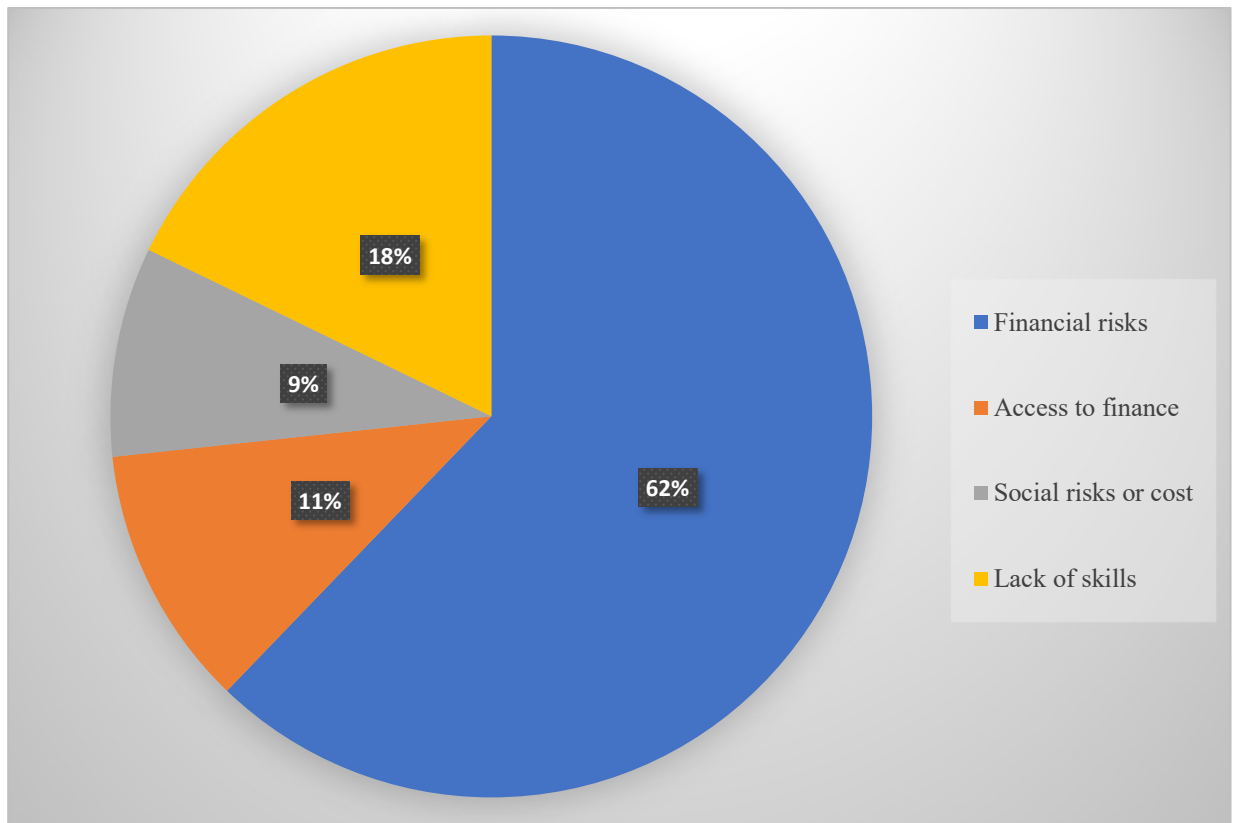


Table 4.6

Interpretation :

According to the response to the above questions :

62.2 % prefers Financial risks is important De-motivators for you to engage in business.

11.1 % prefers Access to finance is important De-motivators for you to engage in business.

8.9 % prefers Social risks or cost is important De-motivators for you to engage in business.

17.8 % prefers Lack of skill is important De-motivators for you to engage in business.

7. Type of Startup

- Private LTD. Company ----- 51.1 %
- Limited Liability Partnership ----- 8.9 %
- Partnership Firm ----- 17.8 %
- Public LTD. Company ----- 4.4 %
- Others ----- 17.8 %

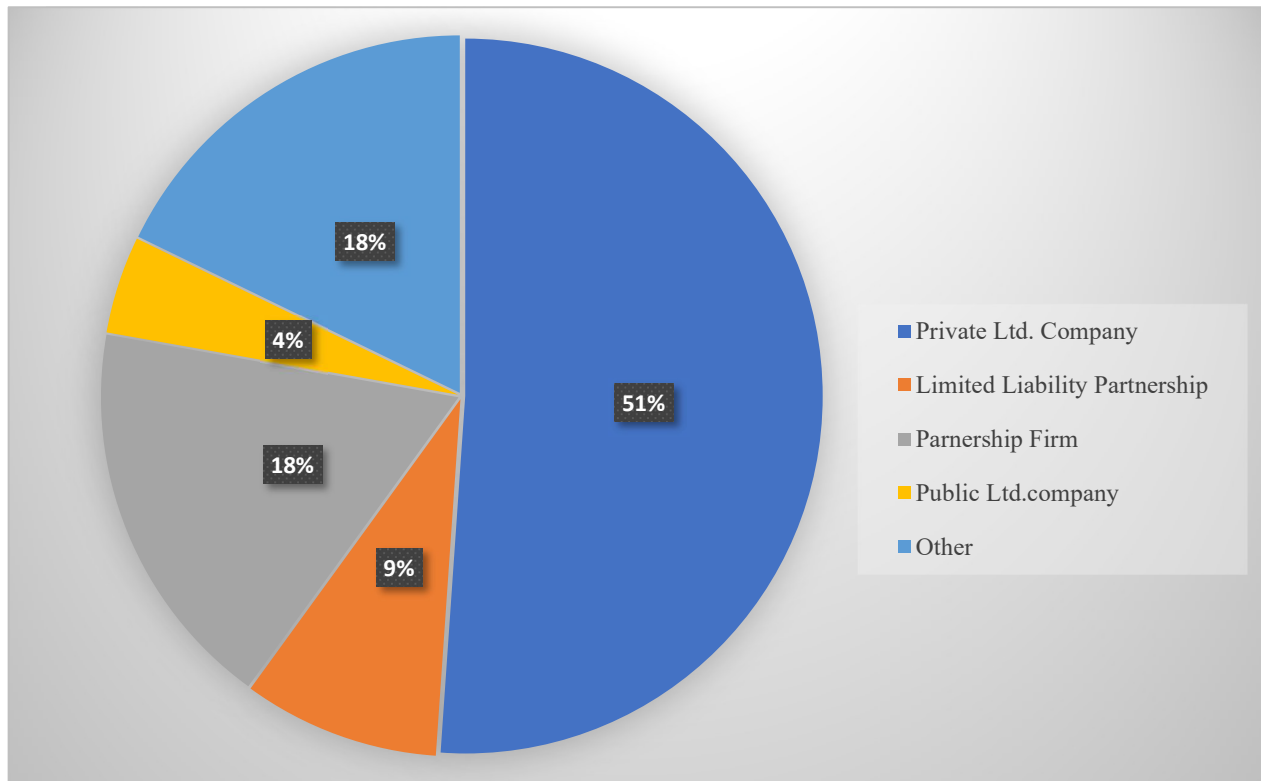


Table 4.7

Interpretation :

According to the response to the above questions:

It appears 51.1 % of people prefers Private LTD. Company

17.8 % of people prefers Partnership Firm

8.9 % of people prefers Limited Liability Partnership

4.4 % of people prefers Public LTD. Company

17.8 % of people prefers Others.

8. GST adversely effecting start-ups in all aspects ?

- Yes ----- 75.6 %
- No ----- 24.4 %

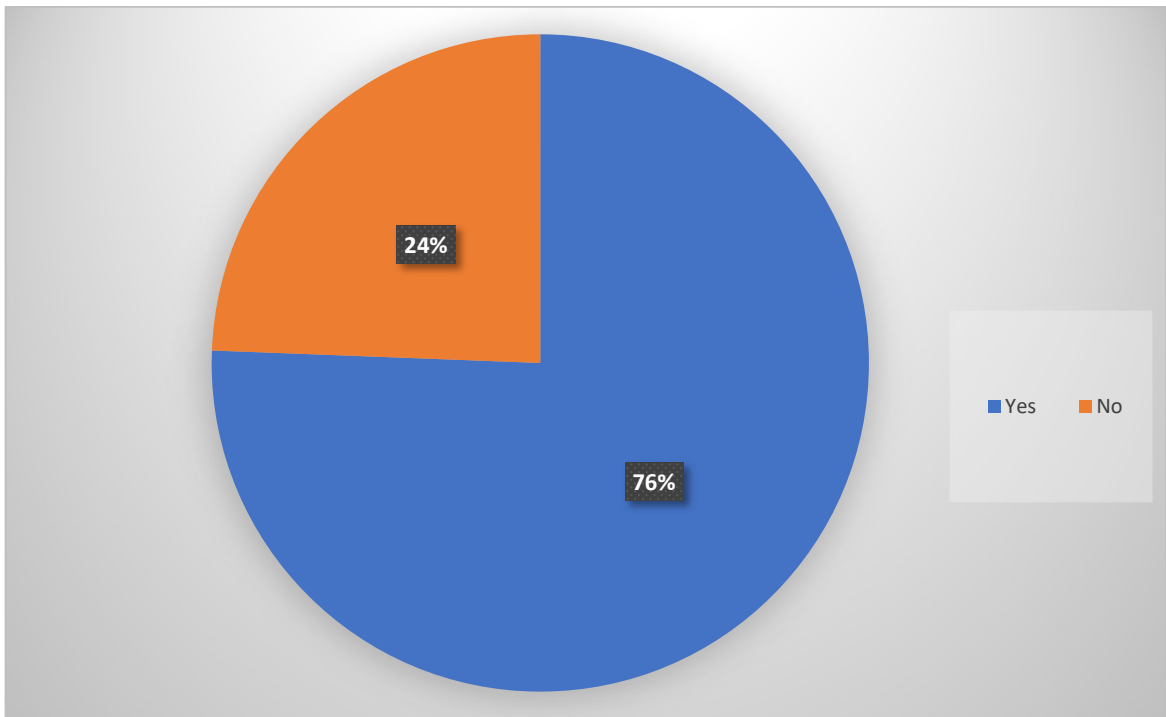


Table 4.8

Interpretation :

According to the response to the above questions:

75.6 % prefers **Yes** GST adversely effecting Startups in all aspects.

24.4 % prefers **No** GST adversely effecting Startups in all aspects.

9. Do you have work Experience working in a startup or do you own a Startup ?

- Yes ----- 35.6 %
- No ----- 57.8 %
- Maybe ----- 6.7 %

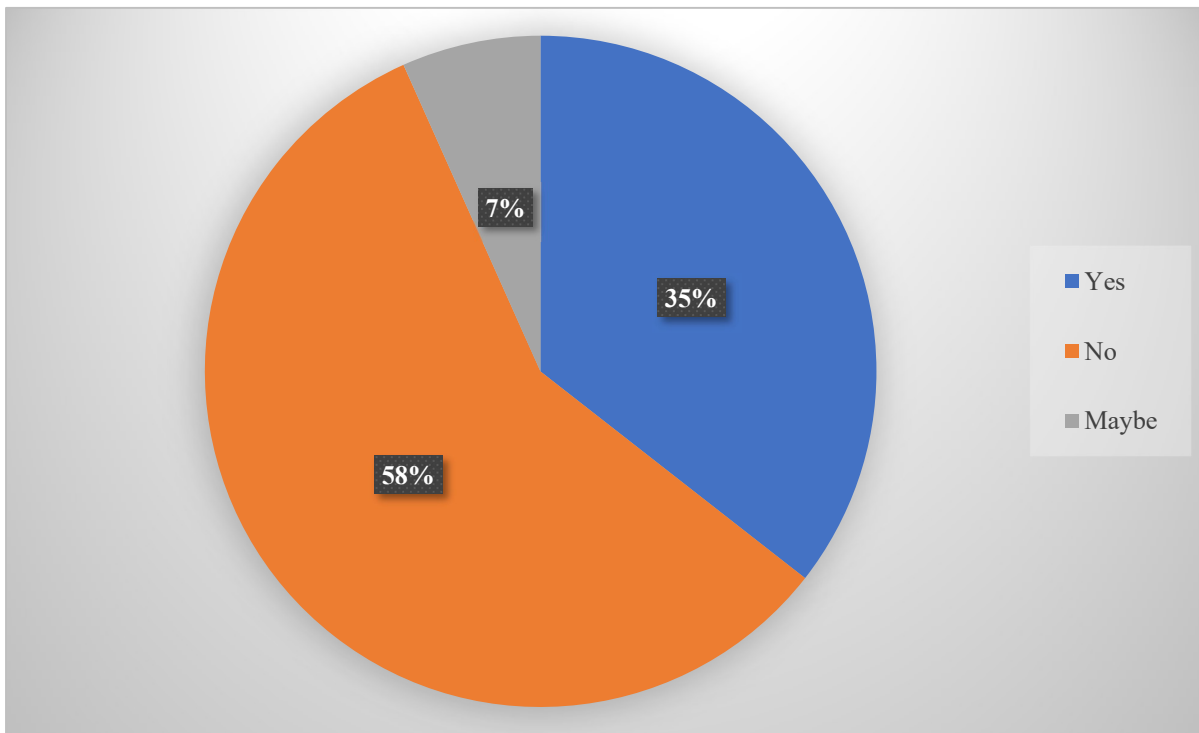


Table 4.9

Interpretation :

According to the response to the above question:

35.6 % of people prefers **YES**

57.8 % of people prefers **NO**

6.7 % of people prefers **MAYBE**

CHAPTER FIVE

**FINDINGS, CONCLUSION AND
SUGGESTIONS**

5.1 Finding:

Many businesses start with a dream, but it takes more than just a dream for them to grow into successful businesses—including the tenacity to overcome the many challenges facing start-ups today. Start-ups take time, effort, and energy. Funding is a major concern for start-ups and small businesses. When the economy tanked, it made it harder to convince investors and banks alike to part with the cash that's essential for growth in the early days of a business.

Financial problems faced by startups in India can vary depending on various factors including the industry, business model, and economic conditions. However, some common challenges faced by startups in India include:

1. **Limited Access to Funding:** Startups often struggle to secure funding, especially in the early stages of their development. Access to venture capital, angel investors, and other sources of funding can be limited, particularly for startups operating in non-traditional sectors or outside major cities like Bangalore, Mumbai, and Delhi.
2. **High Operational Costs:** Running a startup in India can be expensive due to high operational costs, including office rent, employee salaries, and infrastructure expenses. This can put a strain on the financial resources of startups, particularly those with limited capital.
3. **Regulatory Hurdles:** Startups in India often face regulatory hurdles and bureaucratic red tape, which can increase compliance costs and delay business operations. Navigating complex regulatory requirements related to taxation, licensing, and permits can be challenging for startups, especially those with limited legal resources.
4. **Market Volatility:** The Indian market can be volatile, with fluctuations in consumer demand, currency exchange rates, and government policies impacting startup operations. Economic uncertainty can make it difficult for startups to predict revenues and plan for growth, leading to financial instability.
5. **Talent Acquisition and Retention:** Recruiting and retaining top talent is a significant challenge for startups in India, particularly in competitive industries like technology and e-commerce. Offering competitive salaries and benefits to attract skilled employees can strain the financial resources of startups, especially those operating on a tight budget.

5.2 Suggestions :

Solutions for reason of failures:

- Entrepreneurs should conduct in-depth market researches to understand the need of the society and then proceed to the product design phase.
- Entrepreneurs need to analyse their business idea and think out of the box. An ideal example can be the number of start-ups in the ecommerce industry, but rarely anyone focuses on logistics-based start-up ideas, where the need is.
- Start-ups should aim to hire those people who share the same zeal to make the start-up successful.
- Entrepreneurs should reach out to multiple venture capitalists and know who is better aligned towards the goals of start-ups.
- Business process should involve meetings of the management team and technical teams on weekly basis to ensure a smooth workflow.
- Start-ups should be policy driven and offer same salaries to team members. It should offer incentives for performance-based work. Doing so will help manage the funding in an appropriate way.
- Entrepreneurs can themselves at personality development classes to improve their soft skills or hire an experienced person for business communication.
- Entrepreneurs should keep a close watch on the growing demand for their product and focus on response time and capacity planning.
- An entrepreneur should keep up with changing market dynamics to see a decline in the demand for their product and take necessary steps to run the start-up profitably.

To remove the obstacles for Women Entrepreneur:

The basic requirement in development of women entrepreneurship is to make aware the women regarding her existence, her unique identity and her contribution towards the economic growth and development of country. The elimination of obstacles for women entrepreneurship requires a major change in traditional attitudes and mindsets of people in society rather than being limited to only creation of opportunities for women. Hence, it is imperative to design programmes that will address to attitudinal changes, training, supportive services.

The basic instinct of entrepreneurship should be tried to be reaped into the minds of the women from their childhood. This could be achieved by carefully designing the curriculum that will impart the basic knowledge along with its practical implication regarding management (financial, legal etc.) of an enterprise. Adopting structured skill training package can pave the way for development of women entrepreneurship. Such programmes can train, motivate and assist the up coming women entrepreneurship in achieving their ultimate goals.

Various schemes like the World Bank sponsored programmes can be undertaken for such purposes. The course design should focus on imparting input on profitability, marketability and practical management lessons. Besides, there should be consideration in helping the women entrepreneurs in balancing their family life and work life. As a special concern, computer illiterate women can be trained on Information Technology to take the advantage of new technology and automation.

The initiatives taken from these well-established entrepreneurs for having interaction with such upcoming women entrepreneurs can be proved to be beneficial in terms of boosting their morale and confidence. The established and successful women entrepreneurs can act as advisors for the upcoming women entrepreneurs. It may result in more active involvement of women entrepreneurs in their enterprises. Infrastructure set up plays a vital role for any enterprise. Government can set some priorities for women entrepreneurs for allocation of industrial plots, sheds and other amenities.

However, precautionary measures should be undertaken to avoid the misuse of such facility by the men in the name of the women. Even in today's era of modernization the women entrepreneurs depend on males of their family for marketing activities. This is simply because they lack the skill and confidence for undertaking such activities. Women development corporations should come forward to help the women entrepreneurs in arranging frequent exhibitions and setting up marketing outlets to provide space for the display of products or advertisement about services made by women.

5.3 Conclusion :

- Start-ups are the future growth engines of our country and government should do all it can to foster the growth of entrepreneurship culture in India.
- Already Facebook, Google and Yahoo have acquired start-ups based in India and the likes of Flipkart, Inmobi, MuSigma show us that world class companies can have origins in India also. It just needs a little push in right direction.
- Government initiatives like the \$1.68bn funds for the ‘Make in India’ and the new company law are a step-in right direction.

To address the financial problems faced by startups in India, concerted efforts are required from various stakeholders including the government, financial institutions, investors, and industry bodies. Initiatives such as easing regulatory burdens, providing easier access to funding through venture capital, angel investors, and alternative financing options, improving infrastructure, and fostering a culture of entrepreneurship through education and mentorship can play a vital role in overcoming these challenges.

Furthermore, fostering collaboration between startups, corporates, and academia can lead to synergistic outcomes, fostering innovation and driving economic growth. By addressing these financial challenges and creating an enabling environment for startups, India can unleash its entrepreneurial potential and emerge as a global hub for innovation and technology-led growth.

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ANNEXURE: QUESTIONNAIRE

What is your Gender ?

- Male
- Female

How old are you ?

- 18 to 25
- 26 to 40
- Above 41

Your qualification / education level ?

- Less than High School
- High School
- Bachelor's Degree
- Masters Degree

Occupation :

- Self – Employment (Business Person)
- Employee
- Student
- Professional (M. D, Pharm. D, etc)
- Others

Academic Background :

- Commerce / Finance
- Engineering
- Medicine
- Science

Assume you were working and could choose between different Kinds of jobs. Which of the following would you choose :

- Being an employee
- Being Self – employed
- Can't choose

What have been important de-motivators (fear) for you to engage in business ?

- Financial risks
- Access to finance
- Social risks or cost
- Lack of Skills

Is it easy to find financing support for starting your own business ?

- Yes
- No
- Maybe

Where would you go for funding ?

- Family / friends or personal contacts
- Government grants (Small Business Loans)
- Banks, micro - Credit institutions, Cooperatives
- Own funding

How comfortable are you with the idea of your data being used to personalize your learning experience ?

- Very Comfortable
- Comfortable
- Uncomfortable
- Very Uncomfortable

Type of Startup :

- Private Ltd. Company
- Limited Liability Partnership
- Partnership Firm
- Public Ltd. Company
- Other

Do you think startups are really performing well ?

- Yes
- No
- Maybe

GST adversely effecting startups in all aspects ?

- Yes
- No

Which you think really matters for startup ?

- Education
- Experience
- Both

Do you have work experience working in a startup or do you own a startup ?

- Yes
- No
- Maybe