

## INDIAN START-UPS: ISSUES, CHALLENGES, AND OPPORTUNITIES

**Ramanpreet Kaur**

Assistant Professor, Sri Guru Gobind Singh College, Chandigarh.

---

### ABSTRACT

Being an entrepreneur and providing jobs for others are the primary goals of a startup, which require a great deal of perseverance and sacrifice. Several factors have contributed to the spread of the startup revolution throughout India, including the country's large population, a high percentage of middle-class individuals, educated youth with technical backgrounds, IT dominance, high internet and mobile penetration, and more. A lot more people are entering the startup scene thanks to the government's "Make in India" initiatives and other programs. Establishing a business requires careful planning, discipline, and consideration of all relevant internal and external factors that could affect the venture's sustainability. Before starting the journey, it is crucial to have a clear understanding of the venture's concept, the size of the market, revenue and profit targets, among other important factors. The key components that determine an entrepreneur's success are perseverance, teamwork, and time. Some of the challenges that startups may face include infrastructure, government regulations, and the availability of financing at different stages of their growth. This paper aims to determine the issues and challenges those Indian businesses face, examine the range of opportunities that the Start-up India mission provides for Indian start-ups, and determine the marketing strategies that start-ups need to succeed.

**Keywords:** Entrepreneur, startups, opportunities, challenges, and strategies.

### INTRODUCTION

A startup venture is a newly established company that is just getting started, is starting to grow, and is usually funded by one or a small group of investors. Individual founders or entrepreneurs launch a start-up to find a scalable and repeatable business model. More precisely, a start-up is a recently formed company that seeks to create a workable business plan to address a need or issue in the market. To efficiently create and validate a scalable business model, founders design startups.

During the initial phases of a startup's existence, costs usually surpass income because, well, startups typically generate very little money. For this reason, bank loans and other similar means are frequently used to obtain financing. In addition, startups may be eligible for government-sponsored funding and funding from incubators, which provide both capital and mentorship.

Startups may think about asking friends or family for loans if they are in serious financial trouble. For startups that can demonstrate their potential, venture capital is an option. Venture capital involves exchanging capital for a stake in a company.

### LITERATURE REVIEW

1. **Mukti Narayan Pidiha and Rachana Singh** (2016) raise awareness of the challenges and opportunities that Indian start-ups face. First, it discusses the meaning and background of the term "entrepreneur." They highlight the challenges faced by Indian business owners, including financial and social barriers. The future support of entrepreneurship in India by large corporations, state and federal governments, and other stakeholders was another topic of discussion. The government outlines a course

of action that includes training and development, monitoring systems, media campaigns, infrastructure upgrades, and the encouragement of rural business. The nation's economic policies and the role that entrepreneurship plays in its economic growth are highlighted in the last section.

2. **Surabhi Jain** (2016) intended to encourage the growth and prospects of the startup scene in India, beginning with a critical analysis of the business idea. The creation of start-up initiatives in India, the need for start-up ecosystems there, and the various action plans created in 2016 for Start-up India, which include, among other things, tax breaks, financial assistance, and the building of innovation hubs and research parks, are all covered in this article. Massive industrialization and the growth of startup ecosystems, both of which raise a country's per capita GDP, depend on innovation. It discusses the problems that Indians encounter. There are roles for the government, industry, and educational institutions in averting this situation.
3. **Wagh and Madhura** (2016) discuss that Education and training, along with government policies and programs, are thought to be the primary barriers to entrepreneurship. The recommendations centered on the liberalization of governmental policies, the development of capacity via instruction and training, the restructuring of the tax code and incentives to support entrepreneurship, and the expansion of innovation and research and development spending. To implement these suggestions, the government announces the Start Up India initiative. The government is taking the initiative to build a strong ecosystem for nurturing innovation and startups in the country that will derive large-scale employment opportunities and sustainable economic growth."
4. **Manu Tyagi and Namita Mishra** (2019) give a definition of a start-up venture, a brief history of government start-up initiatives, and an update on the state of Indian start-ups, with a focus on engineering start-ups, which make up the majority of technology-based start-ups. They discuss a range of topics, including the working-class mentality, the population, and significant startup investment opportunities in India.

## IMPORTANCE OF START-UPS

1. As startups develop solutions that save customers a great deal of time and money, they can also benefit from time and resource savings.
2. With the rise in start-ups, there is a culture of entrepreneurial excellence that can be seen in the individuals, which indicates that the nation is heading in the direction of improved societal standards, technological advancement, etc.
3. Supports the development of innovative and entrepreneurial curricula in academic institutions.
4. The emergence of entrepreneurs and the creation of jobs at the local level help the nation become more developed and lessen the burden of unemployment.
5. A nation with inventive production and consumption patterns creates a society with a higher standard of living. Such avenues are made possible by startups, which encourage innovative consumption in society.
6. Start-ups stimulate the nation's R&D expansion, enabling the development of cutting-edge technologies that foster innovation and invention. The surge in research aids in discovering solutions to meet the needs.

7. As the number of start-ups in the nation increases, so does the message and image they convey. Since they have replaced industrialization as the hallmark of modern global growth, nations with the highest rate of start-ups are highly developed.

## **OBJECTIVES**

1. To identify the issues and challenges faced by Indian companies.
2. To analyze the various opportunities for Indian start-ups offered by the Start-up India mission.
3. To identify the marketing strategies for the success of the start-ups.

## **ISSUES AND CHALLENGES FACED BY INDIAN COMPANIES**

### **1. Customer's expectations:**

Indian startups develop a service to meet the demands of their clientele. In Indian startups, innovations are important. As a result, the startup must adjust its product lineup to better meet consumer needs. Additionally, the business owner needs to be well-versed in the industry to counter rivals with well-executed plans or strategies. Owing to the emergence of new technologies, it is challenging to provide something more than an earlier innovation.

### **2. Insufficient mentorship:**

The larger issue that could put an end to a potentially good idea is a lack of proper mentoring. Inadequate direction is present in the Indian startup. The majority of startups have fantastic products and ideas, but even the best ideas must be implemented carefully and quickly.

### **3. Financial challenges:**

Financing accessibility is essential for startups, and obtaining adequate sums is a constant challenge. There are many options available, including loans, grants, angel funding, venture capitalists, crowdfunding, family and friends, and more. As the business grows, more money becomes more and more necessary. Effective financial management is essential for Indian startups to succeed.

### **4. Infrastructure challenges:**

Successful startups also need infrastructure. A variety of support systems is important for startups in their early stages. It consists of business development centers, science and technology parks, incubators, etc. The chance of failure rises when such support systems are unavailable.

### **5. Rigorous Governmental Policies:**

A variety of government department permissions are needed in order to launch a business. Establishing a new company or entity still requires a lot of work. India has strict rules about labor laws, intellectual property rights, and other business-related matters.

### **6. Creating Revenue:**

A lot of new businesses fail because they can't generate enough revenue as they expand. Startups are forced to focus more on fundraising as operating costs rise with

declining revenues, which weakens their emphasis on the core principles of business. Therefore, generating revenue is essential, necessitating effective burn rate management—a term used to describe the pace at which startups burn through capital in the early phases of their operations. Not only is it difficult to raise enough money, but it is also difficult to continue growing and expanding.

#### **7. Members of the company:**

One of the largest challenges is to find and hire the right kind of talent for the company with skills to match rising customer expectations. Startups usually start with the founder or founders and a group of trustworthy people with complementary skill sets. Each member typically specializes in one particular area of the group's operations. The first and most important prerequisite is assembling a strong team; otherwise, the startup may fail.

#### **8. Lack of knowledge about the existing gap:**

Lack of awareness of market constraints is the main cause of startup failure. Because of the uniqueness of the product, the environment for a startup is typically more challenging than for an established business. For a new product, the situation is more challenging because the startup must create everything from the ground up.

### **MARKETING STRATEGIES FOR START-UPS**

#### **1. Email marketing:**

A crucial tactic for bringing in clients for startups at little or no expense is email marketing. Start-ups can email a prospect or customer to advertise themselves once they have their email address. To benefit from this marketing tactic, they must first obtain the email addresses of potential customers. They can think about including a newsletter signup form on the startup's website.

#### **2. Advertisement through Paid Search:**

For startups, paid search has grown in popularity as an advertising medium. It enables entrepreneurs to purchase highly focused traffic from search engines such as Google. It offers keyword targeting with a cost-per-click (CPC) pricing structure. Start-ups can make unique ads that show up in search results when someone looks up a keyword associated with the company using the network. The most alluring aspect of sponsored search is its cost-per-click (CPC) pricing structure, which only charges you when a user clicks on your advertisement.

#### **3. Social media marketing:**

Start-ups can show their presence to customers through social media platforms such as Instagram and Facebook by making reels of their products, and they can even approach popular pages on social media to advertise their products.

#### **4. Sponsoring local events:**

Potential customers can learn about startups from a nearby event. To become a sponsor and advertise your company at the event with banners, signs, pens, booths, and other marketing materials, start-ups will pay a nominal fee to the organizers of the event.

#### **5. Digital marketing:**

Digital marketing's development in the 1990s and 2000s changed how businesses and brands use technology for marketing. As more individuals choose digital devices over physical stores and as digital platforms are incorporated into everyday life and marketing strategies, digital marketing efforts are growing in popularity and effectiveness.

#### **6. Offering a free trial of the products:**

Offering a free version of your product or service is one of the best ways to launch a startup; many companies have already found success with this strategy. Reducing the cost of acquisition for customers is the key to getting them to use your product and, consequently, rave about it. With this, start-ups can also ask for feedback and make necessary changes.

#### **7. Outsourcing marketing:**

When most people talk about marketing, they usually think of outsourcing. It entails reaching out to a freelancer, specialized agency, or other third party to help you market your startup. For startups without marketing personnel on board or those who wish to dedicate all of their time to product development, this can be very helpful. For good reason, though, this approach is typically more costly than internally marketing.

#### **8. In-house marketing:**

One benefit of hiring internally is that the staff is already acquainted with the company's values, culture, and offerings. They can therefore quickly ascertain which strategies are most effective for the business. When it comes to writing about appropriate subjects, selecting the most appropriate keywords, or accurately portraying the target audience.

#### **9. Referral-based marketing:**

In recent years, referral-based marketing has gained popularity as more and more consumers turn to case studies, testimonials, and product/service reviews to support their purchasing decisions. Using customers who have already purchased goods or services to promote the business in the form of a review, testimonial, or case study is the goal of this specific startup marketing strategy.

### **OPPORTUNITIES PROVIDED BY THE STARTUP INDIA INITIATIVE**

#### **1. Establishing the Startup India Hub:**

To facilitate knowledge sharing and financial aid access among entrepreneurs, an all-India hub will be established that will serve as a single point of contact for start-up foundations in India. Collaboration with the Central and State Governments, banks, incubators, legal partners, consultants, universities, and R&D institutions will be facilitated by the "Startup India Hub." Additionally, the program makes it easier to set up mentorship programs that support and foster innovation.

#### **2. Cost savings for expediting the patent examination process:**

The Central Government has developed a fast-track system for lower-cost patent examination that will aid in raising awareness of intellectual property rights among newly established foundations. The Startup Intellectual Property Protection Scheme has enabled creative startups to file patents, trademarks, and designs.

#### **3. Self-Accreditation for New Businesses:**

Startup India's major goal is to minimize the regulatory burden and the cost of compliance for startups, so they can concentrate on their core business. A lot of labor and environmental laws have formalities that must be followed, and these formalities are often complicated and time-consuming. As a result, using the startup mobile app, startups will be able to self-certify compliance with labor and environmental laws, streamlining the inspection process.

#### **4. Ease of use of a mobile application:**

To facilitate communication between startups and government agencies for the exchange of information among various stakeholders, a mobile application has been released. Through the use of a mobile application, startups can register with the Ministry of Corporate Affairs and the Registrar of Firms, monitor the status of their registration application, file different compliances, and access other similar services.

#### **5. Less Patent cost:**

Patent applicants are eligible for free legal aid and an 80% reimbursement of their patent expenditures under the startup intellectual property protection system. Startups can now receive a 50% refund on the trademark filing fee, according to an amendment to the Trademark Rules of 2017. Startups have additionally profited from the reimbursement of expedited examination filing fees (Form 18(A)). In total, nearly 2,000 startup cases have received assistance under this initiative.

#### **6. Start-up fests:**

To promote the growth of startups in India, the government wants to establish startup festivals both domestically and abroad. These events would provide Indian startups with the chance to showcase their creative concepts and work to a broad audience that includes potential investors, mentors, and other startups.

#### **7. Encouraging New Businesses in the Biotechnology Sector:**

The Biotechnology Department, along with its Public Sector Undertaking, the industry would implement initiatives like the creation of the Biotechnology Research Assistance Council (BIRAC), bio-incubators, seed funds, equity funding, and other similar programs to support startups

#### **8. Quick Exit for New Businesses:**

The Ministry of Corporate Affairs has designated startups as "fast track firms," meaning that they can close their doors in 90 days as opposed to 180 days for other businesses. The Ministry of Corporate Affairs has informed startups that they are "fast track firms," meaning that they can wind up their company to liquidate its assets and pay its creditors within six months of applying in this regard. An insolvency professional will be appointed for the startup, and this person will be in charge of the Ministry.

#### **9. Atal Innovation Mission:**

The two primary goals of the Atal Innovation Mission (AIM), a component of the Startup India program, are to encourage entrepreneurship through Self-Employment and Talent Utilization (SETU) and to promote innovation to inspire startups to develop novel ideas.

#### **10. Tax exemption:**



Out of the seven years since their incorporation, recognized startups that receive an Inter-Ministerial Board Certificate are free from income tax for three of those years. Applications for income tax exemption are open to startups incorporated on or after April 1, 2016.

### **11. Using Knowledge from the Private Sector to Establish Incubators:**

The government develops a framework and policy for the public-private partnership (PPP) establishment of incubators across the nation in order to guarantee the competent administration of incubators that receive government funding.

## **CONCLUSION**

Despite being small businesses, startups can have a significant impact on the strength and expansion of the national economy. They give unemployed generations more chances to find work. Not only that, but startups can also add to economic vitality by fostering competition and innovation. It is evident that with strong startup plans, startups can take advantage of more opportunities to get past the obstacles and issues that Indian business owners face. The study's conclusion states that the government's goal in launching this program is to support newly creative enterprises by giving them a little boost, to expand through design and innovation, and hasten the startup movement's global adoption.

## **REFERENCES**

1. Anand, Paramjit, "Opportunities for Startups in India", Acreaty Management Consultant (P) Ltd, The Entrepreneur, Feb 2016
2. Damodaran A. Valuing Young, Start-up and Growth Companies: Estimation Issues and Valuation Challenges. SSRN Electronic Journal. 2009, 06. DOI: 10.2139/ssrn.141868
3. Manu Tyagi and Namita Mishra (2019), Start-up Policy – New Day, New Fate, An International Peer-reviewed Open Access Journal of Interdisciplinary Studies, Special Issues on Start-up and Innovation, Volume 2, Issue 1, February, pp 143-148.
4. Mr. Mukti Narayan Pidiha and Ms. Rachana Singh (2016), Challenges and Prospects of Start-up India, Stand-up India – An Entrepreneurship Program, National Seminar on Entrepreneurship Development – Economic and Social Issue, February, pp 237-244
5. Niti Aayog. Report of the Expert Committee on Innovation and Entrepreneurship, 2015.
6. Surabhi Jain (2016), Growth of Start-up Ecosystems in India, International Journal of Applied Research, Volume 2(12), pp 152-154
7. <https://www.startupindia.gov.in/content/sih/en/governmentschemes.html>
8. <https://www.startupindia.gov.in/>