

Original Article

## AN OVERVIEW OF STARTUPS IN INDIA

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### ABSTRACT

The concept of a startup is to work for oneself and to make work to others which warrants parcel of continuity and penance. Enormous populace with high level of centre salary gathering, taught youth with specialized foundation, IT mastery, high web and versatile entrance are a portion of the drivers that have hurled open doors for spreading startup transformation in India. The 'Make-in-India' activities and other government action plans have additionally given a lift to new businesses and ventures with numerous people entering the brawl. Beginning an endeavour is a very much arranged and trained exercise with due thought of both inner and outside elements that may affect the manageability of the endeavour. Time, collaboration and persistence are significant components which decide enterprising success. Infrastructure, government guidelines and accessibility of money at different phases of development could be a portion of the difficulties for new businesses. This paper focus on overview of Indian startups.

**Keywords:** Indian Startups, Startups Innovations, Challenges and Issues, Fintech E-Commerce Travel Tech Mudra Yojana, SETU

### INTRODUCTION

Startup venture is defined as new businesses that are in their initial stages of operation, striving to grow and are typically financed by individual investors or entrepreneurs. According to DPIIT (Department for promotion of industry and internal trade), 'An entity will be recognised as a startup for up to 10 years of existence and up to Rs 100 crore of turnover. Earlier, the existence period was five years and the turnover limit was Rs 25 crore'.

The Indian startup ecosystem has evolved dynamically over the last few decades. The Start-up India campaign, which is a flagship initiative of government of India was launched in 2015 by our Prime Minister Shri. Narendra Modi, to catalyse the start-up culture and build strong entrepreneurial ecosystem in the country. There have been multiple factors, that urged an entrepreneur to get their startups off the ground and begin their operations. Also, the Indian startups face its own set of challenges and stellar opportunities. The failure may occur due to cultural diversity, improper mentoring, lack of government policies and many more complexities.

India's startup ecosystem has been on a rapid growth trajectory in recent years with a strong focus on technology and ecommerce. Along with government initiatives, there is a definite movement in startup arena in India due to penetration of IT and internet. Many startups are coming up in service sector including education, legal, retail, insurance and health. With customers becoming aware of the benefits and convenience, the popularity and viability of startups is no more a difficult proposition for an entrepreneur. The government has launched a number of initiatives to promote startups across the country as a part of Startup India Initiative such as Startup India Action Plan, The Funds of Fund for Startups, regulatory reforms, Income Tax exemption for 3 years,

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the Startup India seed fund scheme etc. The role of government becomes very important in developing the necessary infrastructure and support to foster the startup ecosystem. India needs to build upon low cost and high-impact solutions, although there has been a rise in angel and venture capital funding, it becomes crucial that the ecosystem is well integrated to connect startups to fund houses and to other stakeholders.

## **GROWTH OF STARTUPS IN INDIA**

India is growing undeniably, and so is the startup scenario in India. Government of India has declared period from 2010-2030 as the decade of innovation. Over the past few years, lot of new and encouraging startup stories have garnered much deserved attention.

The story of Indian startup ecosystem is everywhere, be it the payment services like Paytm, PhonePe, or educational techs like Unacademy, Byju's, Physics Wallah, or food tech startups like, Zomato, Swiggy or a bit unconventional one, we come face to face with these startups for our day-to-day needs.

- The key sectors in the Startup Ecosystem are-
- E-COMMERCE- Popular startups in this sector are Flipkart, Nykaa, Snapdeal etc.
- HEALTH-TECH- Popular startups in this sector are Pharmeasy, CureFit, Mfine etc.
- FIN-TECH - Popular startups here are PayTm, PolicyBazaar, PhonePe etc.
- ED-TECH - Popular startups in this field are Unacademy, Physics Wallah, Byju's, Vedantu
- etc.
- LOGISTICS- Startups in this area are Delhivery, Blinkit, Ekart etc.
- TRAVEL-TECH - Popular startups in this field are Gilbibo, MakeMyTrip, Yatra, OYO etc

## **GOVERNMENT SCHEMES SUPPORTING STARTUPS IN INDIA**

### **STARTUP INDIA ACTION PLAN**

- Launched in 2016, by Hon'ble PM Shri Narendra Modi for encouraging start-ups in India.
- Funding support through fund of funds with a corpus of Rs.10,000 crores.
- Entrepreneurs should register their companies in one day, against 15-20days as row.
- No tax on profit inspection for 3 years.
- Capital gain exemption
- No capital gain if the profit is invested in another startup entity.
- Benefit of Credit Guarantee scheme.
- Faster and easy Exit policy.
- Setting up of Startup India Hub for clearance.
- Convenient & easy application for registration.
- Relaxed norms of public procurement for startups.
- Legal support & fast tracking patent examination at lower costs.
- Setting up of research parks & much more.

### **STARTUP INDIA SEED FUND SCHEME**

- Aims to build a robust Startup ecosystem in the country for nurturing innovation and providing opportunities to budding entrepreneurs.
- DPIIT created Startup India Seed Fund Scheme (SISFS) with an outlay of Rs. 945 crores to provide financial assistance to Startups.
- Assistance for proof of concept, prototype development, product trials, market entry and commercialization.
- Seed fund is disbursed to eligible Startups through eligible incubators across India.

### **ATAL INNOVATION MISSION (AIM)**

- AIM provides a platform for the promotion of world class innovation Hubs, Grand Challenges, sectoral focus, other Self-employment and talent initiatives.
- Provides for establishment of Atal Tinkering labs, innovation Centers, Incubation Centers and Atal Innovation Community clusters.
- 14,916 schools across the country have been selected for Atal Tinkering Laboratories.
- 4,875 schools have received Rs.12 lakhs grant each and are operational.
- AIM has selected 86 incubators across the country, to provide financial support through grants in aid and that has already been disbursed.

### **SAMRIDH SCHEME [STARTUP ACCELERATOR OF MEITY FOR PRODUCT INNOVATION, DEVELOPMENT AND GROWTH]**

- SAMRIDH scheme helps Startups to access Indian market and scales their products for global market.
- Scheme was launched by Ministry of Electronics & Information Technology to boost independent software vendors.
- SAMRIDH mainly focuses on integrating all the incubators and accelerators and giving them direct assistance.
- Financial assistance upto Rs. 40 lakhs for Startups under this scheme.
- Builds a meet up point for venture capitalists, entrepreneurs and mentors.
- Also provides hand-holding support to product Startups in the form of technical, regulatory, financial and market access mentoring. eBiz PORTAL
- first online forum for government-to-business collaboration (G2B), which has been launched to
- modernise the nation and provide a welcoming environment for businesses.
- Launched by Ministry of Commerce and Industry, developed by Infosys, is a public-private
- partnership model to provide a one-stop shop for investors and business communities in India.

### **CHALLENGES OF STARTUPS**

#### **1) Financial Resources:**

Availability of financial resources is essential for the start-ups. Number of financial options is get from venture capital, grants loans, crowd funding etc. The requirement of financial resources for start-ups when the business expands. Cash management is also important for the success of start-up business.

#### **2) Revenue generation:**

Many of the start- ups fail due to the low income generation. When the business expands the operations increases and expenses also grow with reduced income forcing the start-ups to focus on the funding aspect as a result which diverting the focus on the fundamentals of the business.

#### **3) Team members:**

Startups are formed with trusted team members with complementary setup. Generally, each member is specialist in specific area of business. Forming a good team is the essence and pre requisite to do so can leads to the Startup difficulties.

#### **4) Supporting Infrastructure:**

Incubators, science, technology business development centres and other types of support mechanisms play a significant role in the development of start-ups Lack of such kind of support mechanism lead to failure of start-ups.

#### **5) Regulations**

Starting a business requires a number of approvals from the government department. Even though there has been perceptible change still it is constraint to get the company registration. Labour rules, Intellectual property rights, dispute resolutions and other regulations in India are having constraints.

#### **6) Lack of mentorship:**

Lack of leadership and guidance is the one of the main critical problems which are facing the start- ups have good ideas but they have less knowledge about the industry and market experience to get to the place of market. Lack of mentoring, guidance is the one of the challenge which leads to the failure of business.

### **7) Creating awareness in markets:**

Start-ups fail due to insufficient knowledge about the markets. In markets there will be a number of unique products available and it is a problem for a new product.

## **OPPORTUNITIES OF START UPS**

### **1) India's large population:**

India is the second largest population country in the world. The huge population in a country has also resulted in increased consumer spending. It resulted in improved supply and production. Start-ups aim to serve to a large population by providing products and services.

### **2) Insight of working class:**

Traditional occupation paths will give process to Indian start-up scene. Challenging tasks, good remuneration packages would captivate the talented people to start up. Highly talented technocrats come up for new start-up ventures.

### **3) Revolution society:**

India has the highest youth population which is very important source of innovation, talent and future leaders, education, health, infrastructure and the widening disparity between people are few issues that India faces, this provides available opportunity for start-ups to solve many problems.

## **GOVERNMENT INITIATIVES**

There are some government and semi-government initiatives to assist start-ups.

The aim of start-up India is the development and innovation of products and services and increase the employment rate in India. Coupled with economic development. There will be tax exemptions, relaxed regulations, favourable tax policies, low cost of setting up.

### **1) Mudra yojana:**

With this scheme start-up get loans from the banks to start the businesses. There are three types of mudra loans schemes mainly Shishu, Kishor and Tarun.

Name of the scheme Loan amount

Shishu Up to 50000

Kishor Rs 50000 to Rs 5 Lakh

Tarun Rs 5 Lakh to Rs 10 Lakh

### **2) SETU (Self Employment & Talent Utilisation) fund:**

This scheme was started to support start-ups business organisations and self-employment people in the area of technology. It encourages the proper use of individual talent for getting the goals of productivity and efficiency.

### **3) E-Biz portal:**

Government of India launched e-biz Portal that combine 14 regulator permissions licenses to understand the easy and faster clearance and upgrade the ease of doing business in India.

### **4) Royalty Tax:**

The royalty tax paid by the businesses and start-ups firms from 25 percent to 10 percent reduced by the government of India

## **CONCLUSION**

India's current economic environment is on expansion mode with the implementation of liberal policies and initiatives for entrepreneur like 'make in India', Startup India, Mudra etc. the government of India is increasingly displaying more interest to improve the GDP rate of development from ground level. The start-ups area has a many of challenges ranging from financing to human resources and from launch to support the growth with a huge population country the plenty of opportunities are more for start-ups offering products and services from food, retail and hygiene to solar and IT applications for day to day problems that can be delivered at less pricing. Some of these start-ups may become unicorns and could become world popular businesses by opening into other developing and poor regions.

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