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## Exploring the Challenges Faced by Startup Units: A Case Study of Agra

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### ABSTRACT

Startups play a critical role in attracting foreign investment, generating wealth, and creating jobs. Indian startups deal with a variety of challenges. Since they introduce novel goods, services, and technological advancements to the market, startup units are regarded as the engines of economic growth and creativity. On the other hand, an infinite number of challenges can harm the survival and expansion prospects of startups. These challenges don't just affect startups; some well-established businesses also face them. Nonetheless, for companies with limited resources, getting past these barriers is a difficult undertaking. The study's objective is to assess the challenges faced by emerging industries. The startups established in Agra are considered as an area of the study.

Keywords: Challenges, Economic growth, Startups, Startup Units, Technological Advancements.

### INTRODUCTION

The Indian economy, which is moving closer to being a market economy, needs to place a strong emphasis on entrepreneurial aptitude. This necessitates that every gifted person, whether working for themselves or businesses, have simple access to resources. Other than resources, the availability of facilities that allow for simple access to and departure from the various businesses will aid in supporting the nation's entrepreneurs. Creation of a more competitive atmosphere by cutting the entrepreneurial spirit will be strengthened by needless rules and regulations when it comes to conducting business. In this sense, India requires a system that can create a robust network of job opportunities, industrialization, and innovative farming practices. Startups are a major force in contemporary economies and are essential to their growth (Akkaya, 2019). Startups play a key role in attracting foreign investment, generating wealth, and generating employment. The creation of jobs and economic growth has long been associated with entrepreneurship and startups (Norris, 2014).

As of December 2, 2021, 633 districts and all 36 of India's states and union territories had 59,593 startups recognized by DPIIT as startups. More than 6.4 lakh jobs have been created, according to more than 57,000 businesses with an average of 11 employees. Of the acknowledged startups, 46% have one or more female directors. Thirty states and UTs have now developed and implemented a dedicated starting policy.

Getting funding is one of the biggest problems facing startup industries. Startups frequently need large sums of money to finance R&D, marketing, and operations, but they might not have the assets or credit history to qualify for more conventional funding sources like bank loans or venture capital. Insufficient funds can cause a shortage of resources, sluggish growth, or even failure. The ability to draw in and keep top talent is another difficulty facing emerging industries. Startups frequently have to contend with more established, larger businesses that can provide better benefits, higher pay, and more job security. Additionally, startups might not have the resources or organizational structure to offer a clear career path for their staff members, which causes high employee turnover and makes it difficult to assemble a cohesive team. Market rivalry presents another important obstacle for emerging industries. Startups frequently enter markets that are currently controlled by well-established, well-known brands and large corporations. Startups must therefore set themselves apart from the competition by providing distinctive goods or services, creative business concepts, or first-rate customer support. Customers may lose interest in or loyalty to you if you don't do this. Regulatory compliance presents another difficulty for emerging markets. Startups have to negotiate a confusing legal and regulatory environment that differs according to jurisdiction, industry, and geography. Regulation violations can result in penalties, legal ramifications, or reputational harm, all of which can be extremely damaging for startups that don't have the financial capacity to handle such losses. Lastly, scaling a business is a challenge for startups. Many startups are successful in the beginning with a small clientele, but they find it difficult to grow and attract more people. A large amount of resources and strategic planning are needed for scaling, including the creation of new goods and services, the enlargement of business operations and distribution networks, and the recruitment of more personnel.

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## REVIEW OF LITERATURE

**Amit Angadi & S. V. Patil (2021)** concluded that startups do currently face a variety of challenges in the Indian context. Plans often fail in the planning stage of startups because the founders may not have experience managing a company. The founders' technical background may have prevented them from having extensive experience in business management. A startup may find it difficult to succeed if it does not have the support of mentors and early-stage or even later-stage infrastructure. Unexpected events such as COVID-19 can impede the growth of startups and impact their revenue potential. Several startups that were already struggling to survive have been severely harmed by the most recent pandemic.

**Bharat Chillakuri et al. (2020)** analyzed an experience proof that an ecosystem that is both scalable and sustainable is necessary for the production of sustained economic growth, as entrepreneurial drive alone is unable to do. The percentage of Indian businesses that have become unicorns is not very encouraging, despite notable improvements and breakthroughs in the formation and growth of startups. This emphasizes the necessity of a sustainable environment.

**Madhvapathy & Rajesh (2018)** explored the challenges that HR tech startups face, like their incapacity to create the foundation for employee acceptance. Despite the abundance of products and technologies available in the market, the primary challenge remains identifying the optimal product-market fit.

**Goel, S. (2018)** listed a variety of challenges and issues that Indian business owners encounter, such as societal and cultural issues, infrastructure problems with technology, monetary issues, sustainability issues, and regulatory issues.

**Sharifi and Hossain (2015)** outlined and emphasized the primary financial challenges that Indian startups face. Illustrate the difficulties that startups faced initially as well. The main conclusions are that investors are raising the bar because of notable technological advancements. We have undertaken this study with the primary objective of addressing the important research gap and the relevance of the topic: understanding the problems and challenges faced by startup companies in India.

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## OBJECTIVES OF THE STUDY

- To investigate the challenges encountered by startup enterprises during the establishment phase of their businesses.

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## RESEARCH METHODOLOGY & DESIGN

### Universe of the Study

The startups in India which are registered on the portal of Startup India are considered for the study. Founders/owners of the startup form the universe of the study.

### Sampling Frame

The list of Startups was taken from the official website ([startupindia.gov.in](https://startupindia.gov.in)) which served as the sampling frame for the purpose of the study.

### Sampling Technique & Size

Simple random sampling was used for collecting the data. Total number of respondent was 55.

### Tools & Techniques of Data Collection

To examine and analyze the objective of the study, primary and secondary data has been used. To fulfill the purpose of the primary study, researcher employed the descriptive survey research method which comprises factual presentations, event classifications, procedure, and measurement enumeration. For secondary study, various research papers, reports, journals, magazines, and other related websites (<https://www.startupindia.gov.in>, <https://startinup.up.gov.in>, [www.instafinancial.com](http://www.instafinancial.com), etc.) accessed from time to time during the study.

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## AREA OF THE STUDY

The startups in Agra city are considered an area of the study.

### Demographic Profile of Selected Respondents (Startup Founders)-

**Table 1: Number of respondents selected on the basis of Gender**

S.No.	Gender	Number of respondents	Percentage
1.	Male	38	69
2.	Female	17	31
	Total	55	100

**Table 2: Number of respondents selected on the basis of Age**

S.No.	Age Group	Number of respondents	Percentage
1.	20-25 Years	7	12.7
2.	26-30 Years	11	20
3.	31-35 Years	17	30.9
4.	36-40 Years	14	25.4
5.	Above 40 Years	6	10.9
	<b>Total</b>	<b>55</b>	<b>100</b>

**Table 3: Number of respondents selected on the basis of Academic Qualification**

S.No.	Academic Qualification	Number of respondents	Percentage
1.	Upto 12 <sup>th</sup>	12	22
2.	Graduate	10	18
3.	Post-Graduate	8	15
4.	Professional	12	22
5.	Diploma	13	24
	<b>Total</b>	<b>55</b>	<b>100</b>

**Table 4: Number of respondents selected on the basis of Experience as an entrepreneur**

S.No.	Experience as an entrepreneur	Number of respondents	Percentage
1.	0-3 Years	13	24
2.	4-7 Years	26	47
3.	8-10 Years	11	20
4.	Above 10 Years	5	9
	<b>Total</b>	<b>55</b>	<b>100</b>

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## ANALYSIS RELATED TO DIFFICULTIES FACED BY STARTUP UNITS IN AGRA

**Table 5: Response to the question “Do you agree that access to finance is a biggest challenge for startup units”**

S.NO.	Components	Number of respondents	Percentage
1.	SA	31	56.3
2.	A	13	23.6
3.	N	6	11
4.	D	2	3.6
5.	SD	3	5.5
	<b>Total</b>	<b>55</b>	<b>100</b>

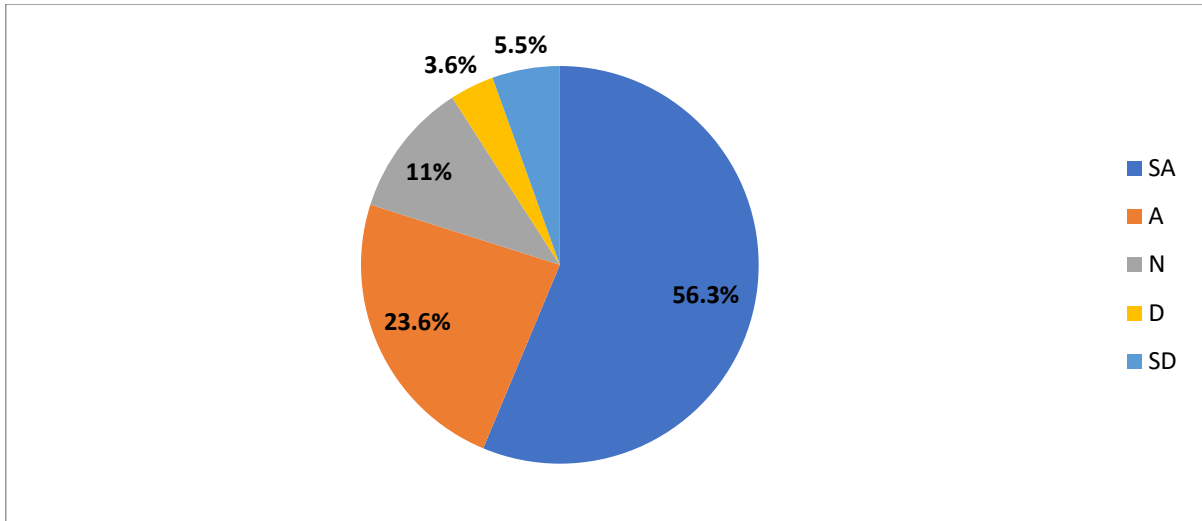


Figure 1

**Analysis:** Among all respondents, 56.3 percent strongly agreed that access to finance is a biggest challenge for startup units, 23.6 percent agreed to it, only 11 per cent neutral, 3.6 percent disagreed and only 5.5 percent respondents strongly disagreed to it. So it is clear that majority of respondents agreed that access to finance is a biggest challenge for startup units.

Table 6: Response to the question “Do you agree that access to new market is a biggest challenge for Startup units”

S.NO.	Components	Number of respondents	Percentage
1.	SA	29	53
2.	A	16	29
3.	N	7	12
4.	D	2	4
5.	SD	1	2
	<b>Total</b>	<b>55</b>	<b>100</b>

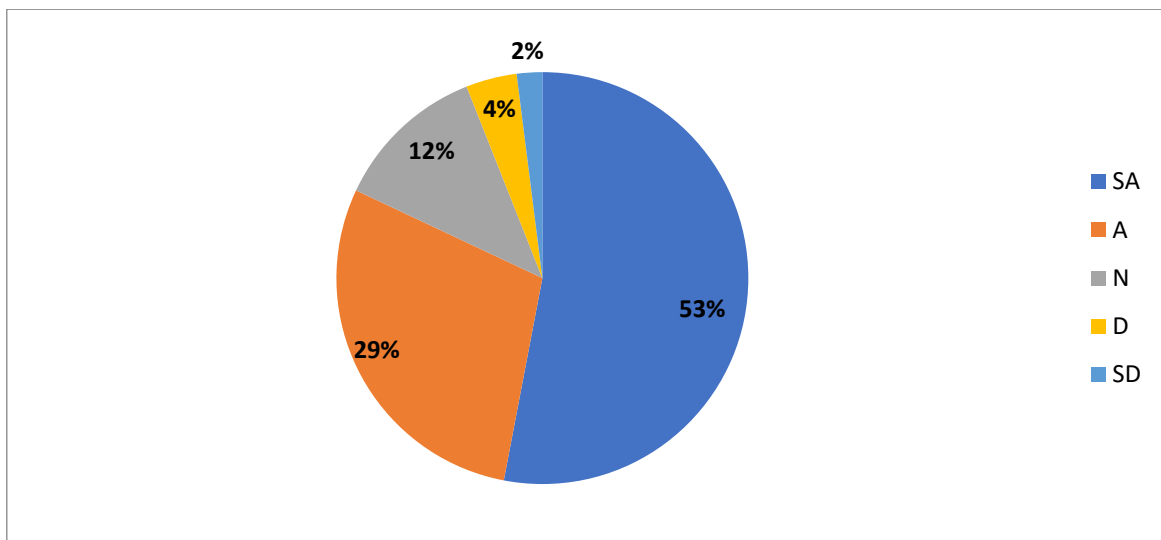
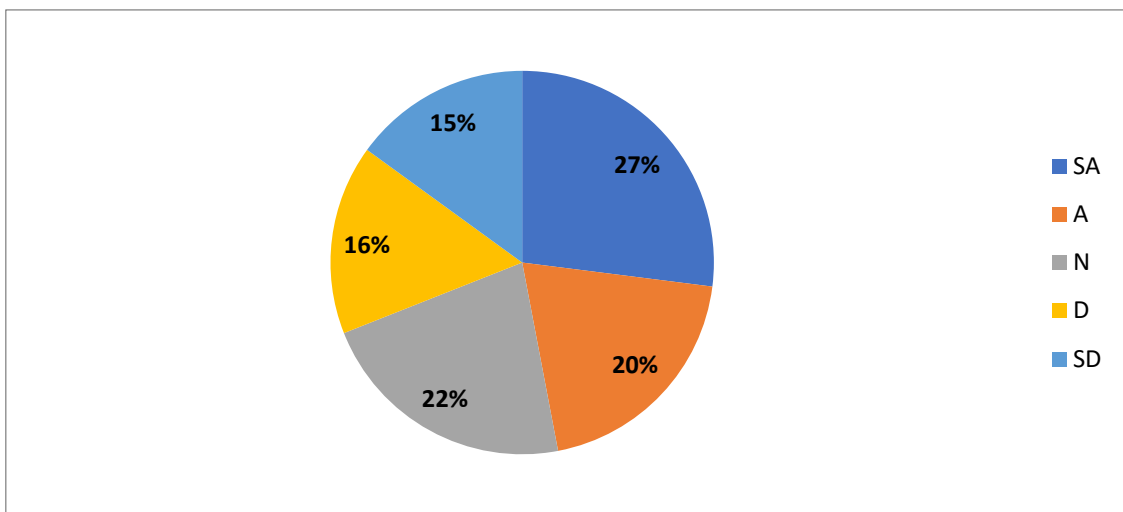


Figure 2

**Analysis:** Among all respondents, 53 percent strongly agreed that access to new market is a biggest challenge for startup units, 29 percent agreed to it, 12 percent neutral, 4 per cent disagreed and only 2 percent respondents strongly disagreed to it. From the analysis it is found that access to new market is a major challenge for almost more than 50 percent startups.

**Table 7: Response to the question “Do you agree that lack of distribution channels is a biggest challenge for Startup units”**

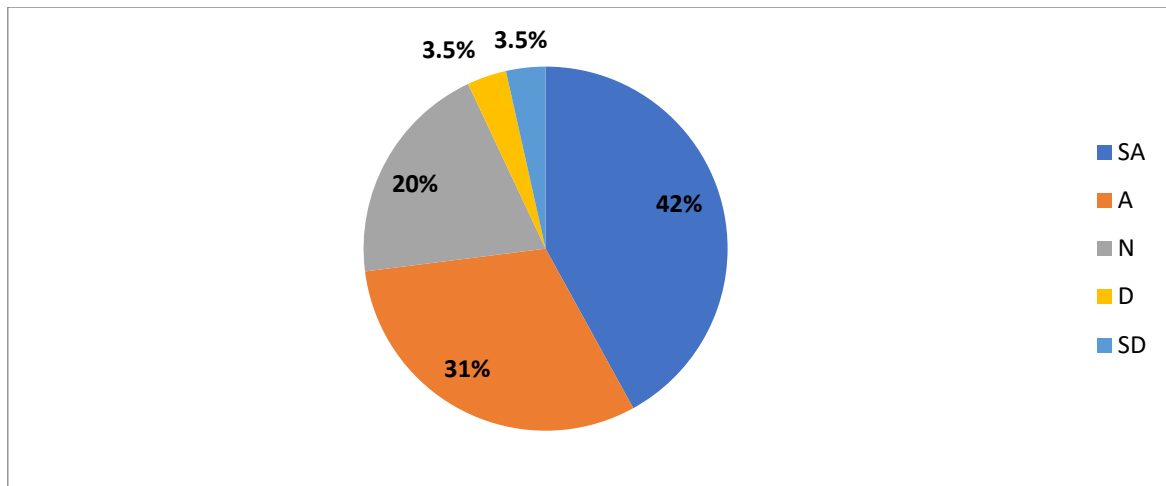
S.NO.	Components	Number of respondents	Percentage
1.	SA	15	27
2.	A	11	20
3.	N	12	22
4.	D	9	16
5.	SD	8	15
	<b>Total</b>	<b>55</b>	<b>100</b>

**Figure 3**

**Analysis:** Only 27 percent strongly agreed that lack of distribution channels is a major challenge for startup industries, 20 percent agreed to it, 22 percent were neutral, 16 percent disagreed and 15 percent of respondents strongly disagreed with it. This means a lack of distribution channels is a biggest challenge for almost half of the startups.

**Table 8: Response to the question “Do you agree that lack of skilled labour is a biggest challenge for Startup units”**

S.NO.	Components	Number of respondents	Percentage
1.	SA	23	42
2.	A	17	31
3.	N	11	20
4.	D	2	3.5
5.	SD	2	3.5
	<b>Total</b>	<b>55</b>	<b>100</b>

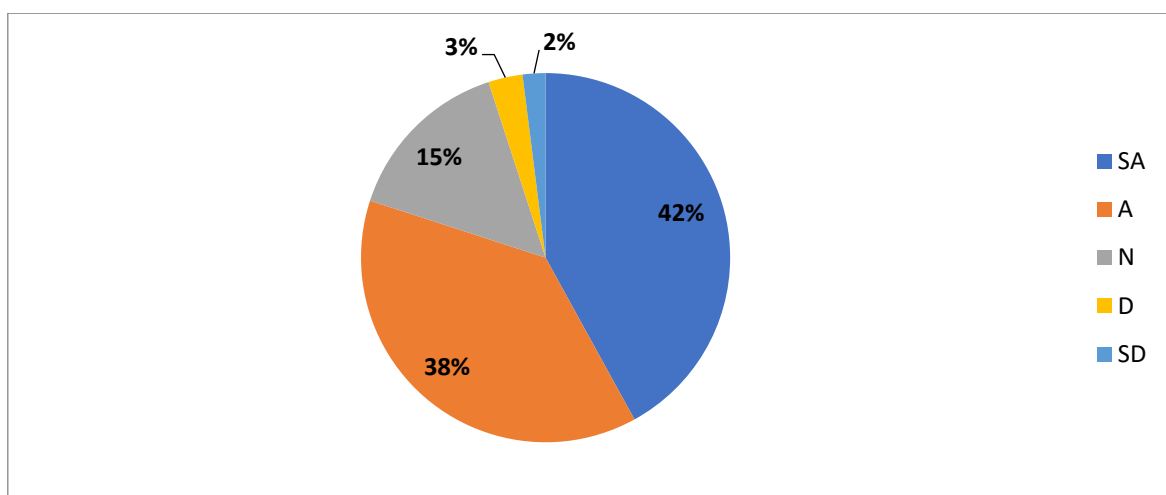


**Figure 4**

**Analysis:** As we can see that 42 per cent strongly agreed that lack of skilled labour is a biggest challenge for startup units, 31 percent agreed to it, 20 per cent neutral, 3.5 percent disagreed and 3.5 percent respondents strongly disagreed to it. From the analysis, it is clear that majority of respondents agreed that lack of skilled labour is a biggest challenge for startup units.

**Table 9: Response to the question “Do you agree that lack of technology is a biggest challenge for Startup units”**

S.NO.	Components	Number of respondents	Percentage
1.	SA	23	42
2.	A	21	38
3.	N	8	15
4.	D	2	3
5.	SD	1	2
	<b>Total</b>	<b>55</b>	<b>100</b>

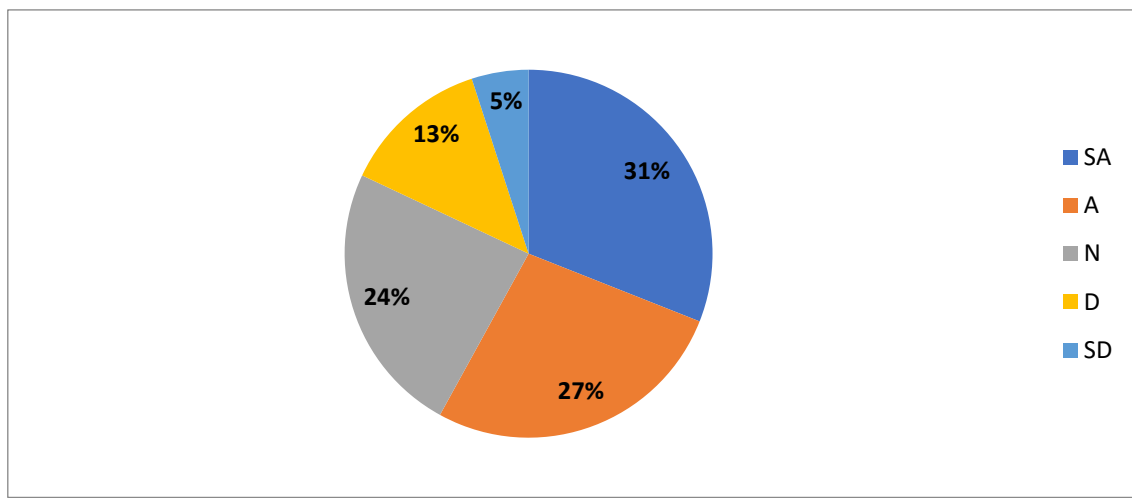


**Figure 5**

**Analysis:** As we can see that 42 per cent strongly agreed that lack of technology is a biggest challenge for startup units, 38 percent agreed to it, 15 per cent neutral, 3 percent disagreed and 2 percent respondents strongly disagreed to it. From the analysis, it is clear that majority of respondents agreed that lack of technology is a biggest challenge for startup units.

**Table 10: Response to the question “Do you agree that regulatory compliances is a biggest challenge for Startup units”**

S.NO.	Components	Number of respondents	Percentage
1.	SA	17	31
2.	A	15	27
3.	N	13	24
4.	D	7	13
5.	SD	3	5
	<b>Total</b>	<b>55</b>	<b>100</b>

**Figure 6**

**Analysis:** As we can see that 31 per cent strongly agreed that lack of regulatory compliance is a biggest challenge for startup units, 27 percent agreed to it, 24 per cent neutral, 13 percent disagreed and 5 percent respondents strongly disagreed to it. From the analysis, it is clear that majority of respondents agreed that lack of technology is a biggest challenge for startup units.

## CONCLUSION

As of December 2, 2023, DPIIT had 1,15,822 startups in the country. The country's recognized startup count climbed from 452 in 2016 to 84,012 in 2022, according to the survey. According to the report, roughly 48% of the nation's startups are based in Tier II and III cities, indicating enormous grassroots potential. The present study considered the following components as challenges faced by startup industries in Agra:

- Access to finance,
- Access to new market,
- Lack of distribution channels,
- Lack of skilled labour,
- Lack of technology,
- Regulatory compliance

The majority of respondents agreed that access to finance & market, lack of skilled labour & technology are the major challenges faced by startup industries in Agra.

## SUGGESTIONS

The startup environment is usually more difficult than it is for established businesses because of the unique nature of the product. The problem is more difficult with a new product because the company has to start from scratch with everything. Therefore, it is the government's duty to create an atmosphere in which startups can successfully develop their marketing plans. Since getting funding is one of the hardest things for startups to do, the government has

to help these companies financially in order for them to grow and succeed. Throughout a startup's lifecycle, a variety of support networks are crucial, including business development centers, science and technology parks, incubators, etc. The likelihood of failure rises in the absence of these support systems. Startups demonstrate how difficult it is to find qualified workers due to their lack of availability. India needs to put more of an emphasis on producing skilled workers by offering applicants internships or training.

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