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Challenges, Government Support and Performance of Startups: A Study on selected startups in Kalyan-Karnataka Region

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Abstract
Entrepreneurship plays an important role in driving economic growth, encouraging innovation, and creating employment opportunities. Entrepreneurship plays a significant role in promoting economic growth, innovation, and employment generation. Government initiatives such as Startup India and the startup policies of Karnataka have created a supportive environment for entrepreneurial development, particularly in the Kalyan-Karnataka region. This study examines the government support available to startups, the challenges and opportunities they encounter, and their performance over the past five years. The research adopts a descriptive and exploratory design using both primary and secondary data. Primary data were collected from 30 startups through a structured questionnaire and personal interviews, while secondary data were obtained from journals, government reports, and published literature. The collected data were analyzed using Chi-square and Correlation techniques with the help of SPSS software. The findings reveal that most startups are privately owned, innovation-driven, and primarily financed through seed funding. Software, IT services, health, agriculture, and data analytics emerged as the leading sectors. Although startups face challenges such as limited access to finance, skilled manpower, technology, and markets, they exhibit strong growth potential through expansion and employment generation. The study concludes that government support has positively influenced startup development; however, enhanced financial assistance, simplified regulatory procedures, entrepreneurship training, and stronger collaboration among government, academia, incubators, and industry are essential to build a sustainable and competitive startup ecosystem in the Kalyan-Karnataka region.

Keywords: *Entrepreneurship, Startups, Startup India, Government Support, Kalyan- Karnataka, Innovation, Startup Ecosystem, Economic Development*

I. Introduction

Entrepreneurship is a key driver of economic growth, innovation, and employment generation. In India, economic liberalization introduced in 1991 created a favorable environment for private enterprises and startups by reducing regulatory barriers and encouraging investment. To further strengthen entrepreneurship, the Government of India launched the Startup India initiative in 2016, providing financial support, tax benefits, incubation facilities, and policy incentives for innovative businesses. Karnataka, particularly Bengaluru, has emerged as one of India's leading startup hubs due to its strong technology ecosystem, skilled workforce, and supportive government policies. This study examines the factors influencing startup performance and the role of government initiatives in promoting entrepreneurial success.

Startups in Kalyan-Karnataka region

Karnataka is one of India's foremost startup destinations, with Bengaluru recognized as a global center for innovation and technology. The state government has introduced several policies to support entrepreneurship through incubation centers, seed funding, innovation grants, and industry-academia collaborations. These initiatives have encouraged the growth of startups across various sectors while promoting employment generation and regional economic development. TheKalyan-Kaarnataka region is witnessing the emergence of startups in sectors such as information technology, agritech, healthcare, food processing, renewable energy, e-commerce, and data analytics**.** Institutions, universities, and incubation centres are increasingly supporting young entrepreneurs through mentoring, skill development, funding opportunities, and market linkages. In Kalaburagi, a dedicated Centre for Entrepreneurship has been established to strengthen the regional startup ecosystem by providing incubation, prototyping facilities, mentorship, and access to finance, with a special focus on agriculture, rural innovation, and emerging technologies.

II. Objectives of the study

1. To study the schemes provided by central and state governments for Startups in the Kalyan-Karnataka region.
2. To examine the problems and prospects of startups in the Kalyan-Karnataka region
3. To study the performance appraisal of startups for the past five years in the Kalyan-Karnataka region.

III. Hypotheses

- Ha1: There is a significant association between the education of entrepreneurs and the success of startups.
- H02: There is no significant relationship between investment and the success of startups.
- Ha2: There is a significant relationship between investment and the success of startups.
- H03 There is no significant relationship between Government concessions and the performance of startups.
- Ha3: There is a significant relationship between Government concessions and the performance of startups.
- H04: There is no significant relationship between the type of government schemes obtained by startups and the level of satisfaction towards government schemes and support.
- Ha4: There is a significant relationship between the type of government schemes obtained by startups and the level of satisfaction towards government schemes and support.

IV. Review of Literature

Isenberg (2011) proposed the concept of the entrepreneurial ecosystem, explaining that successful startups emerge from a combination of supportive government policies, access to finance, skilled human resources, educational institutions, markets, and entrepreneurial culture. The study concluded that collaboration among these stakeholders is essential for fostering innovation and sustainable startup development.

Blank and Dorf (2012) emphasized that startups differ from traditional businesses because they operate under conditions of uncertainty while searching for scalable and sustainable business models. The authors highlighted that innovation, customer validation, and continuous adaptation are essential factors for startup success. Their work established the foundation for understanding startup ecosystems and entrepreneurial growth.

Ministry of Commerce and Industry, Government of India (2016) introduced the **Startup India** initiative to strengthen India's entrepreneurial ecosystem through tax incentives, simplified regulatory procedures, funding support, incubation facilities, and intellectual property protection. The initiative has significantly improved the ease of doing business and encouraged the establishment of innovative startups across the country.

Karnataka Innovation and Technology Society (KITS) (2021) reported that Karnataka has emerged as India's leading startup destination due to its proactive startup policies, innovation hubs, incubators, and startup funding programs. The study highlighted that government support has accelerated the growth of startups in technology, healthcare, agriculture, and manufacturing sectors while creating employment opportunities.

NASSCOM (2023) reported that Karnataka continues to dominate India's startup ecosystem, with Bengaluru serving as the country's innovation capital. The report identified access to venture capital, digital infrastructure, skilled manpower, and strong industry-academia collaboration as major contributors to startup growth. However, startups in emerging regions continue to face challenges related to finance, market access, and skilled workforce availability.

V. Research Gap

Previous studies have primarily focused on startup ecosystems in metropolitan cities such as Bengaluru and other major innovation hubs in India. Limited research has examined the effectiveness of government startup schemes, the challenges faced by entrepreneurs, and the performance of startups in the Kalyan-Karnataka region. Moreover, very few studies have evaluated the relationship between entrepreneur characteristics, government support, investment, and startup performance using empirical data. Therefore, the present study attempts to bridge this gap by assessing government initiatives, startup performance, and entrepreneurial challenges in the Kalyan-Karnataka region.

VI. Research Methodology

The methodology of the study is descriptive and exploratory.

Sources of Data

The present study includes both primary and secondary data. The primary data has been collected by administering a well-structured questionnaire to the founders and managers of the startups of the Kalyan-Karnataka Region.Secondary Data collected relevant published journals, articles, and government reports from multiple agencies associated with the startup ecosystem were referred for the present study.

Population

The population taken for the study is the startups in the Kalyan-Karnataka region of Karnataka state; a business enterprise was considered a startup as per the definition under the policy of ecosystem and startups in Karnataka and India.

Sample Size

The overall sample size for the study was 30 Startups across the K.K. Region.

Sample Element

Individual Startup was used as the sampling element of the study.

Sampling Technique

Non-probability, convenience method of sampling technique was used.

Tools Used for Data Analysis

The startups were selected from all three categories, Product, Service, and Mixed, Chi-Square and correlation were used to further analysis of the data.

Table: 1Results and Analysis

Hypotheses results

Sl.No	Hypotheses	Calculated Value	Result
H01	There is no significant association between the gender of entrepreneurs and the success of startups.	$\chi 2 = 7.938$, $p = 0.019$	**Rejected**
H02	There is no significant relationship between investment and the success of startups.	$r = -0.005$, $p = 0.976$	**Accepted**
H03	There is no significant relationship between Government concessions and the performance of startups.	$r = 0.099$, $p = 0.590$	**Rejected**
H04	There is no significant relationship between the type of government schemes obtained by startups and the level of satisfaction towards government schemes and support.	$\chi 2 = 6.250$, $p = 0.034$	**Rejected**

Source: Field study

VII. Findings

The study found that most startups in the Kalyan-Karnataka region are privately owned and relatively young, with founders primarily holding postgraduate qualifications and engineering backgrounds. Innovation, market opportunities, and team experience were the major factors motivating entrepreneurs. Seed funding emerged as the most preferred financial source, while software development, IT solutions, data analytics, health, and agriculture were the leading startup sectors. Although most startups were in the early stages of revenue generation, they faced significant challenges such as limited access to finance, skilled manpower, technology, and new markets. Despite these constraints, entrepreneurs showed positive growth plans through expansion, recruitment, and market development, indicating strong potential for the regional startup ecosystem.

VIII. Recommendations

The study recommends increasing access to funding, simplifying government procedures, strengthening entrepreneurship training, and promoting stronger collaboration among startups, educational institutions, and industry. Entrepreneurs should focus on innovation, global market expansion, strategic marketing, and skill development to improve business sustainability. Creating a supportive startup ecosystem through policy support and institutional partnerships will encourage entrepreneurial growth in the Kalyan-Karnataka region.

IX. Conclusion & Future Scope of Research

The study concludes that startups in the Kalyan-Karnataka region play a vital role in promoting entrepreneurship, employment generation, and regional economic development. Market demand, team experience, and innovation were identified as the major drivers of startup success, while limited access to finance, skilled manpower, technology, and new markets remain key challenges. Strengthening collaboration among startups, incubators, universities, government agencies, and private investors can enhance the regional startup ecosystem and support sustainable entrepreneurial growth.

Future research may expand this study by including a larger sample of startups from different regions to improve the generalizability of the findings. Further studies can evaluate the long-term impact of government startup policies, digital technologies, and funding mechanisms on startup performance and sustainability. Comparative research across sectors and regions, along with studies on women entrepreneurs, green startups,

and innovation-driven enterprises, can provide deeper insights into strengthening the startup ecosystem and supporting effective policy formulation.

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