

# Performance Evaluation of the Start-up India Initiative: A study Shivamogga District, Karnataka

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## Abstract

India, as a developing nation with a mixed economy, needs to strengthen its self-reliance in all sectors. With a rapidly growing population and persistent unemployment issues, highlights that the country requires around 7.85 lakh new jobs annually. To address these challenges, the Government of India has introduced several policies aimed at encouraging entrepreneurship, boosting economic growth, and generating employment. The Start-up India initiative was launched to build a strong innovation-driven ecosystem and make the business environment more conducive for new ventures.

The present study evaluates the performance of the Start-up India initiative with a specific focus on Shivamogga district of Karnataka. Based on primary data collected from 50 randomly selected start-ups, the study examines the impact of policy support, financial assistance, and capacity-building measures on local entrepreneurial development.

**Key Words:** *Start-ups, Innovation, Entrepreneurship Development, Economic Growth*

## Introduction

The Indian government is increasingly showing greater enthusiasm to increase the GDP through entrepreneurship development schemes such as Make in India, Start-up India, MUDRA etc. Start-up India initiative is a flagship implemented by the Government of

India on 16<sup>th</sup> January 2016 to build strong eco system and to nurture the innovation, through this initiative the Government plans to empower start-up ventures to boost entrepreneurship, economic growth and employment across India. According to the government notification, an entity will be identified as a start-up if it is working towards development, commercialization and innovation of new products, services or processes driven by intellectual property rights. Now a days secret of the business success is nothing but an appetite for innovation. The action plan of central Government will help to accelerate the growth of start-ups throughout India, across all important sectors- in Tier 1, 2 and 3 cities, including semi-urban and rural areas by promoting entrepreneurship. Indian start-ups are playing a vital role in the country's economic development through creating of jobs, generating revenue and disrupting traditional industries working towards innovation and technological advancement.

In recent years, the Indian startup ecosystem has grown rapidly. The number of startups in India has increasing every year. This growth has been driven by a number of factors, including the increasing availability of venture

capital, and the government's focus on promoting entrepreneurship. Indian startups are operating in a wide range of industries, including e-commerce, fintech, healthcare, education, and logistics. Some of the most well-known Indian start-ups include Flipkart, Paytm, Zomato, Byju's, and Nykaa. Indian startups are having a positive impact on the Indian economy in a number of ways. In fact, startups are the largest creators of jobs in India, they are the drivers of innovation and technological advancement. Start-ups are constantly developing new products and services that are improving the lives of people of India and developed innovative solutions in different field such as of healthcare, education, and agriculture also. According to the reports of Ministry of Commerce and Industry Government of India as on 30th June 2024, Department for Promotion of Industry and Internal Trade (DPIIT) has recognized more than 1.5 lakh entities as startups and created over 16.6 lakh direct jobs, further 73,151 DPIIT-recognised startups have at least one-woman director.

#### **Government Initiatives for Start-ups**

- **Startup India Seed Fund Scheme (SISFS):** ₹945 crore allocated for 2021–22 to 2024–25 to provide early-stage funding.
- **Fund of Funds for Startups (FFS):** ₹10,000-crore corpus to support ventures at various growth stages.
- **Credit Guarantee Scheme for Startups (CGSS):** Enables collateral-

free loans through scheduled banks and NBFCs.

- **Regulatory Reforms:** 55 reforms introduced since 2016 to improve ease of doing business.
- **Self-Certification:** Start-ups permitted to self-certify compliance for 3–5 years under labour and environmental laws.
- **Tax Exemption:** New start-ups incorporated after April 1, 2016 can avail three consecutive years of income-tax exemption.
- **Faster Exit Mechanism:** Start-ups can wind up operations within 90 days under the “fast-track” exit process.
- **Startup India Hub:** A central online platform connecting all stakeholders of the ecosystem.
- **National Startup Advisory Council:** Established to advise the government on policy frameworks.
- **ASCEND Programme:** Aims to build entrepreneurial knowledge and skills.
- **Startup India Investor Connect Portal:** Developed with SIDBI to link start-ups with investors.
- **NIDHI Programme:** Initiated in 2016 to nurture innovation and provide support to early-stage ideas.

#### **Review of Literature**

**Suniti Chandiok (2016)** examined the evolution of the startup ecosystem and the impact of government initiatives. Using primary data from 145 respondents in Delhi–NCR and secondary sources such as Planning Commission reports, the study found that the

₹10,000-crore Startup Fund was widely regarded as highly impactful. The study suggested that financial institutions should extend greater support to economically weaker sections.

**Deepak Kumar Adhana and Alisha Kumar (2020)** investigated the entrepreneurship environment and the role of university business incubators. Based on secondary data, the authors highlighted key government schemes such as MUDRA Yojana, India Aspiration Fund, and the Atal Incubation Centres established by NITI Aayog to promote start-ups.

**Sunita Prajapati and Shahnawaz Alam (2019)** analysed the contribution of start-ups to the Indian economy using secondary data. Their study concluded that start-ups serve as engines of innovation, create employment, and significantly contribute to per capita income and technological development.

**Sneha C.J., Vignesh B., and J. Krithika (2022)** analysed the impact of start-ups on GDP using secondary data from the Economic Survey and published reports. They noted that India is the world's third-largest start-up ecosystem, with rising investments and new ventures emerging across 555 districts. The study emphasised that government incentives play a vital role in expanding India's start-up culture.

### **Objectives of the Study**

1. To study the government initiatives introduced for the development of start-ups.
2. To analyse the performance of start-ups located in Shikaripura taluk of Shivamogga district.

### **Scope of the Study**

The scope of this study is limited to start-up enterprises located in **Shikaripura Taluk**. The investigation focuses on factors such as the profile of proprietors, nature of business, initial investment, operational challenges, sources of finance, marketing practices, and the overall performance of the start-ups. The study does not cover medium or large-scale industries, nor does it include start-ups outside the taluk. The findings are therefore specific to the local entrepreneurial environment of Shikaripura.

### **Population of the Study**

The population for the study consists of all the registered and functioning **start-up industries in Shikaripura Taluk**.

### **Sample Size**

A total of **50 start-up industries** were selected for the study. The sample includes units from different sectors such as services, manufacturing, trading and technology-based activities, ensuring representation of the major categories of start-ups in the taluk.

### **Sampling Technique**

Since the exact distribution of start-ups across sectors and locations within the taluk was known, the researcher adopted a **purposive**

**sampling technique.** The units were selected based on their availability, willingness to participate, and relevance to the study objectives. This method was appropriate because it allowed the researcher to obtain detailed responses from proprietors who were actively managing their start-ups.

**Data Collection:**

The present study is based entirely on **primary data** collected from selected start-up units functioning in **Shikaripura Taluk of Shivamogga District, Karnataka.** The research follows a descriptive approach, aiming to understand the functioning, challenges and growth patterns of start-ups operating in the region. To obtain authentic information, personal interviews were conducted with the proprietors of the identified start-ups using a structured interview schedule.

**Limitations of the Study**

- The study is limited to start-ups within Shikaripura Taluk only.
- The responses depend on the accuracy and honesty of the proprietors.
- Time and resource constraints restricted the study to 50 units.

**Results and Discussion:**

**Table 1  
 Gender of the Respondents**

Gender	Number of Respondents (Proprietors)	Percentage
Male	30	60
Female	20	40
Total	50	100

**Source: Primary data**

The above table shows the gender-wise distribution of startup proprietors, among the 50 respondents surveyed 30 proprietors (60%) are male, while 20 proprietors (40%) are female. This indicates the continued dominance of men in entrepreneurial activities. However, the participation of female proprietors (40%) is also significant, indicates positive trend towards gender inclusivity in the entrepreneurship development, it indicates greater awareness, government support and changing attitudes towards women entrepreneurship.

**Table 2**

**Year of establishment of start ups**

Year of establishment	Male	Female	Total
2017-18	05	07	12
2018-19	08	07	15
2019-20	05	03	07
2020-21	10	05	16
Total	28	22	50

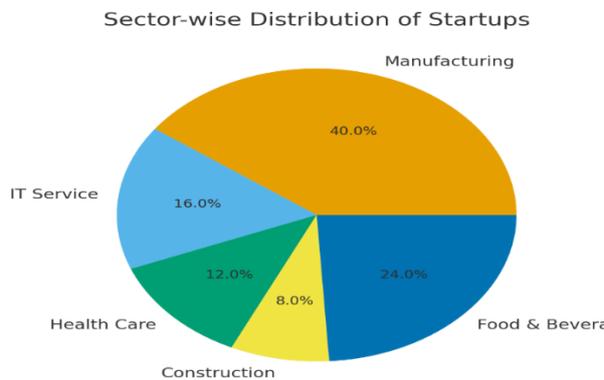
**Source: Primary data**

The above table illustrate the year of establishment of startup industries from 2017 - 18 to 2020-21, out of 50 startup industries 12 startups were established in 2017-18, the number of startups have been increased to 15 in 2018-19, during the year 2019-20 due to pandemic slowdown in startup establishment, again in 2020-21 the number of startups established were increased to 16 this indicates the growth of startups in the eco system.

**Table 3**  
**Sector wise startups**

Type of startup	Number of startups	Percentage
Manufacturing sector	20	40
IT service	08	16
Health care services	06	12
Construction	04	08
Food and beverages	12	24
Total	50	100

Source: Primary data



The table presents information about 50 startups operating in different sectors based on the nature of their business. The analysis shows that the manufacturing sector accounts for the largest proportion, with 40% (20 startups). This indicates that manufacturing enterprises are more prominent in the study area, food and beverage startups representing the second-largest category with 24% (12 startups), The IT services sector contributes 16% (8 startups), highlighting the growing trend of technology-driven businesses, health care services represent 12% (6 startups) indicating a moderate presence of health-focused enterprises. The construction sector accounts for only 8% (4 startups) shows the limited entrepreneurial activity in this field. Overall

data shows the dominance of manufacturing, food and beverage startups compared to other sectors in the study area. This is also shown in pie diagram.

**Table 4**  
**Number of employees**

Number of employees	Number of startups	Percentage
0-10	20	40
10-20	15	30
30-40	08	16
40-50	07	14
Total	50	100

Source: Primary data

The table illustrate the number of employees working in startups. Out of a total of 50 startups, the majority of the start ups 20 start ups(40%) have employed 0–10 employees, which indicates that most of the startups operate on a small scale with limited manpower, the next group comprises startups employing 10–20 employees in 15 startups (30%), 8 startups (16%) falls in the range of 30–40 employees, only 7 startups (14%) have employed between 40–50 workers range, data indicates the startup ecosystem is dominated by small-scale enterprises.

**Table 5**  
**Amount of Loan taken (Rs in lakhs)**

Amount of Loan (Rs in lakhs)	Number of startups	Percentage
10-20	25	50
20-30	15	30
30-40	06	16
40-50	04	04
Total	50	100

Source: Primary data

The table illustrates the distribution of startups according to the amount of loan received in lakhs. Out of 50 startups, 25 startups (50%)—received loans ₹10–20 lakhs range. This indicates that half of the startups operate with less financial assistance, 15 startups (30%) obtained loans between ₹20–30 lakhs, shows moderate funding support, 06 startups (16%) received loans in the range of ₹30–40 lakh, representing comparatively higher capital requirement. Only 4 startups (4%) availed loans between ₹40–50 lakhs, this illustration states that larger financial support is less common among the surveyed startups. Overall data states that maximum startups are depend on small to medium-sized loans and needs effective financial management in startup eco system.

**Table 6**  
**Amount of Profit earned (Rs in Lakh PA)**

Amount of Profit (Rs in Lakh per annum)	Number of startups	Percentage
0-10	22	44
10-20	15	30
20-30	09	18
30-40	04	08
Total	50	100

**Source: Primary data.**

The table highlights the profit distribution of startups on an annual basis (in lakhs of rupees). Out of a total of 50 start ups, 20 start ups (44%) have showed an annual profit between ₹0–10 lakhs, these small-scale ventures are still in their growth phase, another 15 startups (30%) earned profits ranging from ₹10–20 lakhs, representing moderate profit, a smaller segment, 9 startups (18%), states profits between ₹20–30 lakhs, shows improved

business performance and financial stability. Only 4 startups (8%) achieved profits in the range of ₹30–40 lakh indicates limited number start ups earning of higher profits within the sample. Overall, the data indicates that most of the startups earn moderate profits, shows gradual financial growth. This trend needs sustained support, innovation, and effective financial management to enhance profitability of startups.

### Conclusion

Shivamogga is still growing as a start-up hub when compared to metropolitan cities, the district shows clear signs of progress. The steady rise of small and medium enterprises, better banking support, and increasing interest in sectors such as manufacturing, IT services, and food-based ventures reflect the positive influence of the Start-up India Initiative on the region. Overall, the initiative has significantly contributed to strengthening the entrepreneurial landscape in Shivamogga, district, but still there are some challenges to fully utilise the benefits, it is essential to strengthen support systems, expand incubation and training facilities to improve awareness, foster smoother coordination between government bodies, financial institutions, and industry organisations. With the more supportive business environment, Shivamogga has the potential to develop a dynamic start-up ecosystem which promotes inclusive regional growth in Karnataka.

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