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Startup India: Challenges Faced by Indian Youth in Tier 2 & 3 Cities

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Abstract
The economy of every country depends on its countrymen. Larger the number of employed or working people, better the economy. Many people dream of starting up their own business but due to financial or other similar issues are unable to do so.
Today's Youth has lots of entrepreneurial skill hidden inside them. Their passion to do something, to create something, the passion for seeking a change, to bring a change is what Start-up India provides to the youth. For Youth, Start-up India is an "Opportunity" … an opportunity to make something, to build something, to create something, to bring a change.
The objective of this research paper is to find out the challenges and opportunities of "Start- up India Ecosystem" faced by Indian youth in Tier 2 & 3 cities.
Tier-II cities are those that have a fast-growing or developing real estate market. They are cities where infrastructure and investments are steadily increasing without hitting peak levels yet. Real estate prices usually rise in these markets with sustained development. As per RBI's classification, Tier-II cities are those with a population of 50,000-99,999 people and tier-III cities have populations between 20,000 and 49,999 people.
The methodology used is an empirical study on today's youth by method of telephonic interview .
Government's efforts for developing start-up ecosystem is not only good for youth but for the people of all age now women are not just limited to services but they are stepping out for entrepreneurship as well thus reducing gender gap and making us more proud.

Keywords: start-up India, Indian Youth, Tier 2 & 3 Cities.

Introduction

In recent years India has witnessed a surge in entrepreneurial zeal, especially among its youth. The government's ambitious "Start-up India " initiative has played a pivotal role in fostering a conducive environment for budding entrepreneurs to thrive. While Metropolitan
cities like Bangalore, Mumbai and Delhi have traditionally been the epicentres of India's start up ecosystem, there is burgeoning trend of entrepreneurial activity in Tier 2 and Tier 3 cities across the country.
This research paper aims to delve into the challenges and opportunities faced by Indian youth venturing into start-ups in tier 2 and tier 3 cities. While these cities offer unique advantages such as lower living costs, untapped markets, government incentives, they also present a distinct set of hurdles that aspiring entrepreneurs must navigate.

Firstly, infrastructure deficiencies pose a significant challenge. Tier 2 and 3 cities often lack robust infrastructure in terms of transportation, internet connectivity, and co working spaces, hindering the smooth operation of start-ups. Additionally access to funding remains a major impediment. unlike their counterpart in metropolitan areas, entrepreneurs in similar cities struggle to attract venture capital and angel investments, limiting their growth prospects.

Moreover, there are cultural and societal barriers that entrepreneurs encounter. Traditionally mindsets prevalent in these regions may not always align with the risk taking nature inherent in entrepreneurship. Family and societal pressure to pursue conventional career paths can discourage youngsters from taking the plunge into start-ups. Furthermore, the dearth of skilled talent poses a significant hurdle. While Tier 2 and 3 cities boast a pool of young talent, there is a scarcity of individuals with specialized skills crucial for start-ups, such as coding, digital marketing and product management. This scarcity often forces entrepreneurs to invest substantial resources in training and development. Despite these challenges, there is immense potential waiting to be unlocked in tier 2 and 3 cities. With the right support mechanisms in place, these cities can emerge as vibrant hubs of innovation and entrepreneurship, driving economic growth and job creation across the country.

Through this research paper, the researcher aims to shed light on the multifaceted challenges and opportunities faced by Indian Youth in Tier 2 and Tier 3 cities as the youth embark on their entrepreneurial journey. By understanding these challenges and proposing actionable solutions, we can empower the next generation of entrepreneurs to realize their dreams and contribute towards building a thriving star-up ecosystem in every corner of India.

Objectives of the Study:

1. To encourage and nurture innovation and entrepreneurship among Indian Youth
2. To create a conducive ecosystem for start-ups to thrive, including access to funding, mentorship, and regulatory support.
3. To foster economic growth and job creation by promoting the emergence of new start-ups and scaling existing ones.

Start-up India is an initiative launched by the Government of India on January 16, 2016, with the aim of fostering entrepreneurship and promoting Start-ups in the country. The initiative was announced by Prime Minister Narendra Modi as part of the government's broader efforts to boost economic growth, job creation, and innovation.

Key Components of Start-up India

- ***Simplification. and Handholding:*** Start – up India seeks to simplify the regulatory framework for start-ups, including faster company registration processes and easier compliance requirements. It also provides handholding support through various channels.
- ***Funding Support:*** the initiative aims to increase access to funding for start-ups by facilitating easier access to venture capital, angel investors, and government funding schemes.
- ***Tax Incentives:*** Start-up India offers tax incentives to start-ups, including a three year tax holiday and exemption from capital gains tax for eligible start-ups.
- ***Incubation and Innovation Centres***: The initiative supports the establishment of incubation centres, research Park and innovation hubs to provide start-ups with infrastructure, mentorship and networking opportunities.

- ***Skill Development:*** Start up India focuses on skill development and capacity building for aspiring entrepreneurs through Training Programs, workshops, and entrepreneurship education initiatives.

Progress and Impact

- Since its launch, Start-up India has made significant strides in promoting entrepreneurship and supporting start-ups in India.
- The initiative has facilitated the registration of thousands of start-ups and provided them with access to various support services and funding opportunities.
- Several Start-up success stories from different sectors, including technology, healthcare, e-commerce and social entrepreneurship, showcasing the impact of start up India in fostering innovation and job creation.

Challenges faced by Indian Youth in Tier 2 and 3 Cities:

- Lack of Infrastructure: the inadequate infrastructure in Tier 2 and 3 cities, such as unreliable internet connectivity and poor transportation facilities, hindering the start-up ecosystem.
- Limited Access to funding: Explores the challenges faced by entrepreneurs in accessing funding outside of major urban centres, due to the concentration of investors in metropolitan areas.
- Talent Acquisition and Retention: Highlights the difficulties in attracting and retaining skilled talent in tier 2 and 3 cities, compared to the opportunities available in Tier 1 cities.
- Regulatory Hurdles: Addresses regulatory complexities and bureaucratic hurdles that disproportionately affect start-ups in smaller cities, stifling growth.
- Social Stigma and Cultural Norms: Examines societal attitudes towards entrepreneurship in smaller cities, where risk taking and failure are ofte stigmatized, discouraging youth from pursuing start-up ventures.

Criticisms :

- Despite its achievements, Start up India faces challenges such as bureaucratic red tape, limited access to funding for early stage Start-ups, regulatory complexities.
- Critics argue that more needs to be done to address these challenges effectively and ensure that the benefits of initiative reach a wider segment of the entrepreneurial ecosystem, including Start-ups in Tier 2 and 3 cities and rural areas.

Overall, start-up India represents a significant step towards building a vibrant start-up ecosystem in India and promoting entrepreneurship as a driver of economic growth and innovation. However, continuous efforts and reforms are needed to address existing challenges and unlock the full potential full potential of India's entrepreneurial talent.

Tier 2 Cities:

- Tier 2 cities are typically smaller in population and economic size compared to Tier 1 cities but are still significant urban centres.
- These cities serve as regional hubs for commerce, education, healthcare and other services catering to their surrounding areas.
- Examples of Tier 2 Cities in India include cities like Jaipur, Lucknow, Surat, Bhopal, Nagpur and Visakhapatnam.

Tier 3 Cities:

- Tier 3 cities are smaller urban centres with less population density and economic activity compared Tier 1and Tier 2 cities.
- While they may not have the same level of infrastructure or amenities as larger cities, Tier 3 cities still play important roles in their respective regions.
- Tier 3 cities often serve as district headquarters or centres for agriculture, trade and small-scale industries .
- Examples of Tier 3 cities in India include places like Udaipur, Dehradun, Ranchi, Jalandhar, Tiruchirappalli and Siliguri.

Review of Literature

1. Gupta et al., (2019) emphasized the need of improved transportation and internet connectivity to facilitate business operations.
2. Singh and Sharma (2020) underscored the importance of establishing co-working spaces and incubation centres in smaller cities to nurture entrepreneurial talent.
3. "start-up ecosystems in developing economies: A case study of India" by Nair, S., and Nair, A. (2021). This paper explores the challenges and opportunities in India's start- up ecosystem, with insights that may be relevant to understanding the dynamics in Tier2 and 3 cities.
4. "Entrepreneurship in India: The role of cultural values and social support" by Dutta, D.K., & Ghosh, D. (2020). This study examines the influence of cultural values and social support on entrepreneurship in India, which could provide insights into the sociocultural factors affecting start-ups in tier 2 and 3 cities.
5. "Access to finance for micro, small and medium enterprises in India" by Mishra, S., & Patra, S. (2020). Although not specific to Tier 2 and # cities, this paper discusses the challenges of accessing finance for start-ups and small businesses in India, which may be relevant to your research.
6. "Entrepreneurship development in rural areas: A study of Indian context" by Jena, S., & Choudhury, P.K. (2019). While focusing on rural areas, this study examines various challenges and opportunities for entrepreneurship in India, including those relevant to Tier 2 and 3 cities.
7. "Role of infrastructure in supporting rural entrepreneurs: The case of internet connectivity and business start-up rates in rural areas" by Adams, A.,& De Silva, M. (2018). This research investigates the importance of infrastructure, including internet connectivity, for entrepreneurship in rural areas, which may have implications for Tier2 and 3 cities.

Indian youth today are increasingly turning to entrepreneurship and start-ups as viable career options driven by factors such as technological advancement, globalisation and a growing culture of innovation and risk-taking.

Here are some key aspects of Indian youth involvement in start-ups:

- ***Tech-Savvy Generation**:* Indian youth are highly adept at leveraging technology, particularly digital platforms and social media, to develop and promote their start-up ventures. They are often early adopters of new technologies and trends, allowing them to create innovative solutions and reach a broader audience.
- ***Entrepreneurial Mindset:*** There has been a significant shift in mindset among Indian youth, with

more emphasis on entrepreneurship and self - employment rather than traditional career paths. Many young Indians are inspired by success stories of start-up founders and are eager to take risks and pursue their entrepreneurial aspirations.

- ***Access to Resources:*** The Proliferation of start-ups incubators, accelerators and co-working spaces across India has provided young entrepreneurs with access to resources and support networks. These platforms offer mentorship, funding opportunities, and networking events, enabling aspiring start-ups founders to turn their ideas into viable businesses
- ***Government initiatives :*** Government initiatives such as start-up India have played a crucial role in fostering an entrepreneurial ecosystem in the country. Policies aimed at promoting start-up's, providing financial incentives, and easing regulatory hurdles have encouraged Indian Youth to venture into entrepreneurship
- ***Rise of Social Entrepreneurship :*** Indian youth are increasingly drawn towards social entrepreneurship, focusing on addressing pressing social and environmental challenges through innovative business models. This trend reflects a desire among young intrapreneurs to create positive impact alongside financial sustainability
- ***Global outlook:*** Indian youth are increasingly looking beyond domestic markets and are keen to tap into global opportunities. Many start-ups founded by Indian youth have expanded internationally, leveraging India's talent pool and cost advantages to compete as a global scale
- ***Challenges and Resilience*** **:** Despite the enthusiasm and optimism, Indian youth entrepreneurs face various challenges, including funding constraints, regulatory complexities, market competition, and talent acquisition. However, their resilience and ability to adapt to changing circumstances have enabled many start-ups to overcome these hurdles and thrive.

Overall, Indian youth today are at the forefront of the country's start-up revolution, driving innovation, economic growth, and social change. With the right support and conducive economy, they have the potential to continue making significant contributions to India's entrepreneurial landscape and global competitiveness.

Research Methodology

Research Design: This study adopts a qualitative research methods to gain a comprehensive understanding of the challenges faced by Indian youth in Tier 2 & 3 cities. These qualitative methods helped the researcher explore the challenges faced by the youth in starting and sustaining start-up in Tier 2 and 3 Cities.

*Qualitative Research :*In depth telephonic interviews were conducted with stakeholders such as young entrepreneurs, aspiring entrepreneurs, industry experts, educators and community leaders in Tier 2 and 3 cities.

Findings of the Study

- ***Infrastructure Challenges:*** Unreliable connectivity, inadequate transportation networks, and power supply. And impact of these challenges on startup operations and growth prospects.
- ***Access to Funding***: high disparities in funding opportunities between smaller cities and metropolitan areas as well as the impact of limited access to venture capital and angel investors on startup growth and sustainability.
- ***Talent Acquisition and Retention:*** problems encountered by startups in attracting and retaining

skilled talent in Tier 2 and 3 cities.factors influencing professionals' decisions to relocate to smaller cities or pursue opportunities in larger urban centres, and the implications for startup teams and organisational growth.

- ***Regulatory Environment:*** many regulatory hurdles and bureaucratic red tape faced by startups operating in Tier 2 and 3 cities. Impact is that problems in licensing procedures. Compliance burdens, and inconsistent enforcement of regulations.
- ***Social and Cultural Factors***: explore the roleof social and cultural factors in shaping attitudes towards entrepreneurship in smaller towns.impact is stigma associated with failure, risk aversion, and traditional career norms and their implications for youth.

Suggestions

- There should be inclusive entrepreneurship to harness the untapped potential of Tier 2 and 3 cities in driving economic growth and development.
- The youth entrepreneurship in smaller cities can contribute to reducing regional disparities, fostering innovation ecosystem, and unlocking new opportunities for socio economic advancement.
- A call of action for policy makers, government agencies, industry leaders and civil society organisations to collaborate in addressing the challenges faced by youth entrepreneurs in tier 2 and 3 cities.
- Advocate for the implementation of targeted policy measures infrastructure investments, skill development initiatives and awareness building campaign to support startup initiatives in smaller cities.

Conclusion.

Overall the research paper provides a comprehensive analysis of the challenges and opportunities associated with start up ventures in Tier 2 & 3 cities of India, offering valuable insights for policymakers, entrepreneurs and stakeholders invested in fostering inclusive growth and innovation in the Indian economy

This research paper summarizes the key findings and underscores the imperative of addressing the challenges faced by Indian youth in Tier 2 &3 cities and to realise the full potential of start-up India. It reiterates the significance of collaborative efforts between government, industry and civil society to foster a conducive environment for entrepreneurship across the country.

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