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Impact of Start-up Enterprises on Financial Growth and Employment Generation in Indore City: A Study Based on Primary Data

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Abstract

The present paper aims to study the financial development of start-up enterprises in Indore city and their impact on employment generation. As a result of globalization and the expansion of the digital economy, start-up enterprises have emerged as a crucial tool for modern economic development. The study is based on primary data, with a sample of 48 start-up entrepreneurs from Indore city. The data was collected through structured questionnaires and personal interviews and analyzed using percentage and descriptive statistical methods.

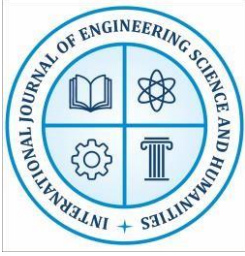
The study concluded that start-up enterprises have promoted local income growth, investment attraction, market expansion, and the use of digital payment systems. Furthermore, start-up organizations, starting from a small scale, have strengthened urban economic activity by continuously increasing employment opportunities. While availability of initial financing, lack of skilled human resources, regulatory complexities, and infrastructural limitations remain major challenges facing start-up development, growing entrepreneurial interest and policy support indicate vast future potential for this sector. Therefore, start-up enterprises are emerging as an effective means of financial strengthening and employment generation in Indore city.

Keywords: Start-up enterprises, financial development, employment generation, entrepreneurship development, Indore city, innovation, digital economy, Startup India, local economic development, youth entrepreneurship.

1. Introduction

Globalization, digitalization, and the expansion of the knowledge-based economy have transformed the traditional concept of entrepreneurship globally. In the current economic system, innovation, technology, and creative business models have become key drivers of economic growth. In this context, start-up enterprises have emerged as a dynamic component of the modern economy, providing new direction to economic activities through innovative ideas, technological solutions, and market-oriented innovations, despite limited resources.

The Government of India launched the Startup India initiative on January 16, 2016, to promote innovation-based entrepreneurship. The program aims to build a strong, inclusive, and competitive start-up ecosystem in the country, foster innovation, simplify enterprise



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establishment, and transform India from a job-seeker nation to a job-creator nation. This initiative is administered by the Department for Promotion of Industry and Internal Trade (DPIIT), which provides institutional support for start-up development by coordinating among various ministries, state governments, financial institutions, industry organizations, and educational institutions.

The Startup India program has simplified regulatory processes, facilitated self-certification, tax incentives, intellectual property rights protection, incubation support, investment facilitation, and promoted industry-academia collaboration. As a result of these reforms, the entrepreneurial environment in the country has become more conducive, and start-up activity has rapidly expanded, especially in medium and emerging cities.

Indore, Madhya Pradesh, is developing as an emerging start-up hub due to its availability of education, industrial infrastructure, IT services, business activity, and skilled human resources. Indore's recognition as a clean, smart, and investment-friendly city has inspired entrepreneurs to establish innovation-based businesses. Young entrepreneurs here are strengthening the local economy by establishing start-ups based in information technology, e-commerce, fintech, education technology, the service sector, and digital platforms.

Start-up ventures are not limited to generating financial profits; they also promote direct and indirect employment generation, local investment growth, skill development, technological innovation, and regional economic balance. Start-up activities, especially in emerging urban centers like Indore, are significantly contributing to economic diversification and sustainable development by modernizing the local industrial structure.

In this context, the present study attempts to analyze the financial growth of start-up enterprises in Indore city and their impact on employment generation based on primary data, thereby understanding the true economic role of entrepreneurship at the local level.

2. Significance of the Study

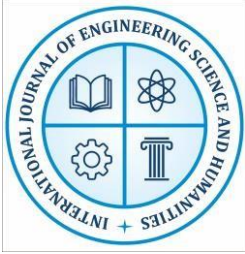
This study helps understand the true economic impact of start-up activities in Indore city. It can assess the state of entrepreneurship development, financial stability, and employment opportunities at the local level. The study provides a useful basis for policymakers, investors, and researchers.

3. Objectives of the Study

- a) To analyze the employment opportunities created by start-ups.
- b) To identify the key challenges faced by entrepreneurs.
- c) To evaluate the role of start-ups in local economic development.

4. Research Methodology

Components	Description
Research Type	Descriptive and Analytical
Study Area	Indore City
Type of Data	Primary Data



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Sample Size	48 Start-up Entrepreneurs
Sample Selection Method	Purposive Sampling
Data Collection	Questionnaires and Interviews
Analysis Method	Percentage and Comparative Analysis

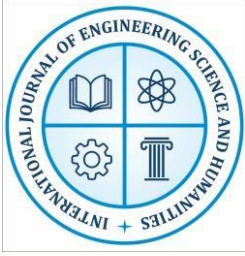
5. Analysis and Interpretation

Table: 1

Profile and Demographic Distribution of Start-up Entrepreneurs

Variables	Category	Frequency	(%)
Industry Sector	IT & Digital Services	17	35%
	E-Commerce	10	20%
	Education & Training	9	18%
	Service-Based Start-ups	7	15%
	Other	5	12%
	Total	48	100%
Gender	Male	32	67%
	Female	16	33%
	Total	48	100%
Age Group	20–30 years	21	44%
	31–40 years	17	35%
	Over 41 years	10	21%
	Total	48	100%
Educational Qualification	Graduate	18	38%
	Postgraduate	22	46%
	Technical/Professional	8	16%
	Total	48	100%
Start-up Operational Length	0–2 years	15	31%
	3–5 years	20	42%
	Over 5 years	13	27%
	Total	48	100%
Number of Employees	1–5 employees	20	42%
	6–10 employees	16	33%
	Over 10	12	25%
	Total	48	100%

Source- Primary Data



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The table above clearly shows that start-up activity in Indore is primarily concentrated in the IT and digital services and e-commerce sectors, reflecting the growing influence of the digital economy. Male entrepreneurs are relatively high among respondents, but female entrepreneurship is also significantly emerging. Age distribution indicates that young people, especially those in the 20-40 age group, are leading the way in startup establishment. Most entrepreneurs are highly educated, reflecting their level of innovation and technical proficiency. Based on the length of operation, most startups are in the developing stage, while the number of employees indicates that startups are starting small and gradually contributing to employment generation. Overall, this profile establishes Indore as a hub for young, educated, and innovation-oriented startups.

Table: 2

Analysis of Financial Growth and Employment Generation Indicators

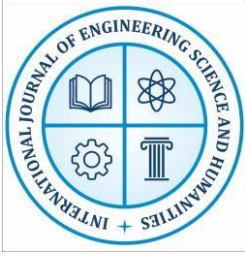
Indicators	Category	Frequency	(%)
Impact on Financial Development	Annual Revenue Growth	37	78%
	Investment Attractiveness	31	65%
	Market Expansion	35	72%
	Digital Payment Adoption	41	85%
Impact on Employment Generation	1-5 Employees	20	42%
	6-10 Employees	16	33%
	More than 10 Employees	12	25%

Source- Primary Data

The table above clearly shows that start-up enterprises in Indore city are generating positive impacts in both financial development and employment generation. Most entrepreneurs experienced annual revenue growth and market expansion, while the high adoption rate of digital payments indicates that start-ups are actively promoting the digital economy. Investment attraction has also increased significantly, strengthening local economic activity. In terms of employment generation, most start-ups initially operate with limited staff, but over time, expand employment opportunities, strengthening the local labor market. Thus, start-up enterprises are emerging as a significant driver of financial dynamism and employment growth in Indore city.

6. Key Challenges for Start-up Entrepreneurs

The start-up ecosystem in India has expanded significantly under the Start-up India initiative. As of May 2025, more than 1.59 lakh start-ups have been recognized in 763 districts across the country, of which approximately 49 percent are from Tier-2 and Tier-3 cities. The emergence of 112 unicorn companies by 2025 reflects the growing potential for innovation and



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entrepreneurship in India. Despite this, start-up entrepreneurs face numerous structural and operational challenges.

The most significant challenge relates to early-stage funding, as only approximately 12 percent of total available investment reaches early-stage start-ups, while most investment remains concentrated in growth-stage or established industries. This makes it difficult for nascent enterprises to launch and expand businesses. Furthermore, tax and regulatory compliance also emerges as a significant issue, with only approximately 60 percent of start-ups able to ensure GST compliance, creating risk and uncertainty among investors.

In terms of sectoral development, start-up activity has increased in healthcare (15%), IT services (22%), and agriculture (18%). However, internet connectivity, transportation, and logistics infrastructure in rural areas remain a barrier to growth. Additionally, availability of skilled human resources is a serious challenge, with nearly 55 percent of start-ups facing difficulty in recruiting qualified professionals, especially in the technology and software sectors.

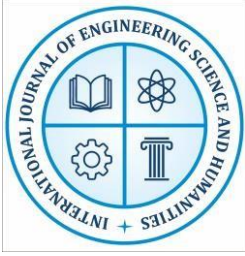
Thus, while India's start-up ecosystem is expanding rapidly, challenges such as access to finance, regulatory compliance, infrastructural disparities, and talent availability need to be effectively addressed to ensure the start-up sector becomes a strong foundation for sustainable economic growth and innovation-led progress.

7. Conclusion

The present study clearly demonstrates that start-up enterprises have emerged as a significant driver of modern economic development. The Government of India's Start-up India initiative has provided an institutional foundation for entrepreneurial culture in the country, significantly expanding the potential for innovation, investment, and job creation. Particularly in emerging urban centers like Indore, start-up activity has strengthened the local economic structure and provided young entrepreneurs with new opportunities for self-reliance and economic participation.

Based on preliminary data, start-up enterprises have significantly improved financial development, income growth, expansion of digital transactions, and market access. Furthermore, these enterprises, starting from a small scale, have activated the local labor market through job creation. Although limited availability of initial financing, regulatory complexities, lack of skilled human resources, and infrastructural inequalities remain major challenges to start-up development, the growing digital economy, innovation-supportive policies, and investment opportunities have the potential to further strengthen the sector's growth in the future.

Therefore, it can be said that the start-up ecosystem is not only a vehicle for economic growth but is also emerging as a key pillar for job creation, technological advancement, regional balanced development, and the creation of a self-reliant economy. The experience of Indore city indicates that if policy support, skill development, and investment facilitation are further strengthened at



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the local level, the start-up sector can play a crucial role in long-term sustainable economic development.

8. Suggestions

- a) Expand local financial assistance schemes for start-ups.
- b) Increase the number of start-up incubation centers.
- c) Strengthen industry-academia collaboration.
- d) Provide marketing and digital training.
- e) Develop networking platforms for investors and entrepreneurs.

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