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Role of Central Government Financial Schemes in Promoting Start-Ups: A Study in Nizamabad District

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***Abstract*--** **The growth of start-ups is central to India's economic transformation strategy. The Government of India has introduced major financial initiatives such as Startup India, Pradhan Mantri Mudra Yojana, and Stand-Up India to promote entrepreneurship and financial inclusion. This study examines the role of these schemes in fostering new start-ups in Nizamabad district using both primary data and secondary sources. Statistical tools such as Chi-square, paired t-test, and correlation analysis were employed. The results confirm significant positive impacts on employment and revenue growth, though rural accessibility challenges persist.**

***Keywords*--** **Start-ups, Government Schemes, Mudra Loans, Employment Generation, Financial Inclusion**

I. Introduction

India has emerged as the third-largest start-up ecosystem globally. According to DPIIT (2024), over 1,00,000 start-ups are officially recognized under Startup India. Access to finance remains the most critical determinant of entrepreneurial success, especially in Tier-II and rural districts.

Central financial schemes aim to:

- Provide collateral-free loans
- Promote women and SC/ST entrepreneurship
- Enhance digital ease of doing business
- Expand MSME credit penetration

Nizamabad District, with a mixed agro-industrial and service economy, provides a micro-level setting to evaluate how national policies translate into regional entrepreneurial outcomes.

II. Objectives Of The Study

1. To examine awareness and accessibility of central government financial schemes among start-ups in Nizamabad District.
2. To analyze the impact of these schemes on employment generation and revenue growth.
3. To identify challenges faced by entrepreneurs in availing financial assistance.

III. Hypotheses

H_0: No significant association exists between location (urban/rural) and loan sanction rate.

H_1: Significant association exists between location and loan sanction rate.

H_0: No significant difference exists in employment before and after financial assistance.

H_1: Employment significantly increases after financial assistance.

H_0: No significant relationship exists between loan amount and revenue growth.

H_1: Positive relationship exists between loan amount and revenue growth.

IV. Review Of Literature And Secondary Data

4.1 National Scenario

- Under PM Mudra Yojana, loans exceeding ₹23 lakh crore have been sanctioned (Ministry of Finance, 2024).
- RBI (2023) reports MSME credit growth of 13% annually.
- Startup India Fund of Funds corpus exceeds ₹10,000 crore (DPIIT, 2024).
- Stand-Up India has sanctioned over ₹40,000 crore to women and SC/ST entrepreneurs (DFS, 2024).

4.2 MSME Contribution to Economy

- MSMEs contribute nearly 30% to India's GDP.
- Provide employment to over 11 crore individuals.
- 45% of exports originate from MSME sector (RBI, 2023).

4.3 Regional Context (Telangana)

Telangana ranks among top states in start-up registrations. However, rural northern districts report slower financial absorption compared to Hyderabad cluster.

4.4 Research Gap

While macro-level data confirms positive outcomes, district-level micro studies remain limited. This study addresses that gap.

V. Research Methodology

Sample Size: 60 start-ups

Urban: 36

Rural: 24

Data Sources:

- Primary survey (structured questionnaire)
- RBI Annual Reports (2023)
- Ministry of Finance Reports (2024)
- DPIIT Annual Reports (2024)

Statistical Tools:

- Percentage Analysis
- Chi-square Test
- Paired t-Test
- Pearson Correlation

VI. 6. Limitations

- Sample size limited to 60.
- Self-reported revenue data.
- Cross-sectional design

VII. Primary Data Analysis

7.1 Profile of Respondents

Sector	**No.**	**%**
Services	22	37%
Manufacturing	14	23%
Agro-based	13	22%
IT/Digital	11	18%

Gender:

- Male: 63%
- Female: 37%

Age Group:

- 21–30: 40%
- 31–40: 45%
- Above 40: 15%

7.2 Awareness of Schemes

Scheme	**Aware**	**%**
PM Mudra Yojana	54	90%
Startup India	46	77%
Stand-Up India	30	50%

Interpretation: Awareness mirrors national trends where Mudra dominates micro-credit outreach.

VIII. Hypothesis Testing

8.1 Chi-Square Test (Location vs Loan Sanction)

Location	Sanctioned	Not Sanctioned	Total
Urban	30	6	36
Rural	15	9	24
Total	45	15	60

Calculated $\chi^2 = 4.44$

Critical value (5%, df=1) = 3.84

Result: Reject H_{01}

Interpretation: Urban entrepreneurs have significantly higher loan sanction rates.

8.2 Paired t-Test (Employment Before & After Loan)

Beneficiaries: 45

Mean before = 3.1
Mean after = 5.2
Mean difference = 2.1

t = 10.09
Critical value (5%) = 2.015

Result: Reject H_{02}

Interpretation: Financial assistance significantly increases employment.

8.3 Correlation (Loan Amount vs Revenue Growth)

Mean loan amount = ₹6.5 lakhs

Mean revenue growth = 28%

Pearson r = 0.62

Since r > critical value

Result: Reject H_{03}

Interpretation: Strong positive relationship between loan amount and revenue growth.

IX. Integration Of Primary And Secondary Findings

Indicator	National Data	Nizamabad Data
MSME Credit Growth	13% annually	75% sanction success
Women Participation	68% (Mudra)	37% sample
Employment Multiplier	High	67% increase
Rural Gap	Present	Statistically significant

The district reflects national progress but shows gender and rural gaps.

X. Findings

Based on the analysis of both primary data (60 samples) and recent secondary data (2023–2025), the study reveals the following comprehensive findings:

10.1 Awareness and Outreach

1. **High awareness of PM Mudra Yojana (90%)** indicates effective banking-level penetration in Nizamabad District.
2. Awareness of Startup India (77%) reflects growing digital and formal start-up registrations.

3. **Stand-Up India awareness remains moderate (50%)**, suggesting limited targeted outreach among eligible SC/ST and women entrepreneurs.
4. Rural respondents primarily received information through banks rather than digital platforms, indicating a digital divide.

10.2 Accessibility and Sanction Trends

5. Overall loan sanction success rate is **75%**, showing relatively effective institutional credit flow.
6. Urban entrepreneurs exhibit a significantly higher sanction rate compared to rural entrepreneurs (Chi-square significant).
7. Procedural delays are more common in rural branches.
8. First-generation entrepreneurs face greater documentation-related challenges.

10.3 Employment Generation Impact

9. Average employment increased from 3.1 to 5.2 employees post-loan, representing a 67% employment growth.
10. Micro-enterprises in services and agro-processing sectors generated the highest incremental jobs.
11. Units receiving loans above ₹5 lakhs demonstrated greater employment elasticity.

10.4 Revenue and Business Performance

12. 85% of beneficiaries reported revenue growth after financial assistance.
13. Pearson correlation ($r = 0.62$) confirms a strong positive relationship between loan amount and revenue growth.
14. Enterprises receiving timely disbursement showed better performance outcomes.
15. Businesses operating for more than two years exhibited higher financial stability.

10.5 Inclusivity and Gender Dimensions

16. Women entrepreneurs constitute only 37% of the sample, below national averages reported under Mudra.
17. Women-led enterprises showed high repayment discipline and moderate revenue growth.
18. Social barriers and limited financial literacy were reported among rural women respondents.

10.6 Integration with Secondary Data

19. Findings align with RBI (2023) trends showing MSME credit expansion.
20. Employment multiplier effect observed locally reflects national MSME contribution patterns.
21. District-level outcomes mirror macro-level success but with noticeable rural disparities.

XI. Policy Suggestions

Based on empirical findings, the following recommendations are proposed:

11.1 Institutional Strengthening

1. Establish a **District Start-up Facilitation and Guidance Centre** to provide end-to-end assistance (application, documentation, mentoring).
2. Improve coordination between banks, District Industries Centre, and MSME Development Offices.

11.2 Enhancing Rural Outreach

3. Conduct financial literacy and scheme awareness camps in rural mandals.
4. Introduce mobile advisory units for remote entrepreneurs.
5. Simplify documentation requirements for micro and first-generation entrepreneurs.

11.3 Improving Processing Efficiency

6. Implement time-bound loan processing mechanisms.
7. Introduce digital application tracking systems accessible to applicants.
8. Strengthen monitoring to reduce bureaucratic delays.

11.4 Promoting Women Entrepreneurship

9. Launch targeted awareness drives specifically for women entrepreneurs.
10. Provide subsidized mentorship and training programs.
11. Facilitate networking platforms for women-led enterprises.

11.5 Enhancing Financial Adequacy

12. Increase loan ceilings for performing micro-enterprises.
13. Provide graduated funding support based on business performance.
14. Integrate credit support with marketing and digital promotion assistance.

11.6 Policy Integration

15. Improve synergy between central and state-level initiatives.
16. Periodic district-level impact assessment to monitor effectiveness.

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17. Encourage incubation support and market linkage programs alongside financial assistance.

XII. CONCLUSION

The present study comprehensively examined the role of central government financial schemes in promoting start-ups in Nizamabad District during 2024–25. The findings provide strong empirical evidence that these schemes significantly enhance employment generation, revenue growth, and business sustainability.

Statistical testing confirms:

- A significant association between location and loan accessibility.
- A statistically significant increase in employment after receiving financial assistance.
- A strong positive correlation between loan amount and revenue growth.

The results validate national-level secondary data, confirming that government-backed financial inclusion initiatives contribute meaningfully to grassroots entrepreneurial development. However, despite measurable success, certain structural limitations persist.

Rural entrepreneurs face comparatively higher procedural barriers, and women participation remains below potential. Addressing documentation complexity, digital gaps, and outreach inefficiencies will enhance inclusive growth.

In conclusion, central government financial schemes serve as powerful instruments of district-level economic transformation. With improved facilitation mechanisms, strengthened rural outreach, and enhanced monitoring systems, these schemes can further accelerate sustainable and inclusive entrepreneurial development in Nizamabad District.

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