

Study of current state of Startups in India and the way forward - A Thematic Analysis of Startup Founders' Experiences and Challenges

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Abstract: Objective: The discussions with startup founders brought out the current state of startups in India. It also brought out the challenges ahead and point to the way forward. This study intends to explore the practical hands-on experiences, challenges faced and the approach taken by startup founders, in the technology sector. The objective is to find the answers to the question of what are the key challenges faced by tech startup founders in their entrepreneurial journeys and the strategies adopted to successfully navigate through them. It also suggests a way forward for both the startup founders and the various industry bodies focusing on startups.

Methods: Since startups is a priority topic for the startup ecosystem, we decided to delve into it with venture capitalists, industry bodies, founders and others involved with startups. We used the qualitative method in this study. We conducted in-depth interviews with founders using a semi-structured questionnaire. We did a thematic analysis of the discussion transcripts.

Results: We were able to understand their experiences and challenges faced. It also brought out the strategic decisions and approaches they took. The thematic analysis revealed the challenges around startups, usage of funds by startups, how the industry bodies are providing support to startups and how venture capitalists are approaching this etc.

Conclusion: There are various challenges for the startups, funding through the various stages comes out on top. The industry interactions show that lot of the startups are stuck in the starting stage. About 75% of the funding happens in the Seed and early stages. The way forward after that narrows into a thin line. About 85% of seed stage startups do not make it to Series A within five years. Many stay at the same stage for a much longer duration. They keep working through similar challenges. The study findings highlight the importance of optimal usage of funds made available to the startup founders. Various factors are involved. Availability of adequate funding, interaction between fund providers and startup founders, ethics to be adopted by founders in the use of funds received, instances of well-known misuse of funds, instances of failures due to greed of the founders, focus on unicorn status rather than revenue growth, misrepresentation of facts etc. . By studying these factors, the research provides valuable lessons for aspiring entrepreneurs. It helps investors and policymakers also. It gives pointers to other stakeholders to support the ecosystem. The implications are to enhance strategies for investment. It helps in the improvement of intervention and support by government. It also helps in refinement of best practices that affect the growth of startups.

Plain Language summary

The study helped us to understand the current state of the startups in India, their experiences with regards to financial resources management and funding challenges faced by the entrepreneurs. They are forced to work through similar challenges, after the initial funding. It also brought out the strategic decisions and approaches they took. Various industry bodies and startup ecosystem members are taking steps to rectify the situation. The thematic analysis revealed key themes such as the challenges around funding, usage of funds by startups, how venture capitalists are approaching this etc. The study findings highlight the importance of the adaptability in business models. By studying these factors, the research provides valuable lessons for to-be entrepreneurs. It helps investors, startup ecosystems and policymakers also. It gives pointers to other stakeholders to support the startup ecosystem. The implications are to enhance strategies for investment. It helps in the improvement of intervention and support by government. It also helps in refinement of best practices that affect the growth of startups.

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1. Introduction

Startup ecosystem in India has come a long way. Capital availability has improved; new startups are being setup, the founders are building. Startups raised USD 9.1 Billion in funding in 2025-26. More tech entrepreneurs are moving back to India and setting up new ventures. There is more sophistication in the venture capital industry supporting the startups. The industry numbers paint a rosy picture, with tech industry having reached USD 280 Billion. But the recurring question in the mind of entrepreneurs remains? How to get pilots that convert. Founders share a common experience: 58% find it difficult to secure committed pilots, and 55% point to unclear pathways for follow-on support. The ecosystem has built strong capacity for helping teams develop products. The next frontier is helping them connect with buyers at the pace growth required (Nasscom Zinnov report, 2026).

The Tech industry has a lot of success stories, including the creation of unicorns, startup founders achieving billionaire status, published lists such as 30 under 30 showcasing stories of successful founders. Startups are a challenging and dynamic endeavour. The startup founders face lot of uncertainties and need to navigate them. The failure rate is very high and hardly ten percent of them reach break-even and less than one percent achieve unicorn status. Much less are the ones that reach steady state with profitable operations. Availability of funds at various stages of a startup's life is the key to this startup phenomenon.

DeepTech ventures are making a mark in Indian startup ecosystem. The shift from software services industry to the deepTech ventures is a big leap. It needs a different type of nurturing including funding. The challenge for the deepTech is to find early customers to get validation done. While there are success stories, there are setbacks also. The founders have to make alternate arrangements regarding their venture. In one of the recent cases, Anagha Rajesh, tech founder who setup in Bangalore Biocompute is winding up in India and moving back to California. The founder had started in 2024 in India and had completed the first end to end prototype of the product. The resources in India helped in the prototype stage. But for subsequent phases, California is a better place. In the words of the founder, the people in California better understand her long term vision. They were not concerned as much about revenue. They were more concerned about what needs to be done, to follow this through. In her opinion, India often likes to play safe, looking at what has been built in the West, and adapting to our situation. She also opines that while India has talent, it lacks capital for ambitious deep-tech ventures.

The Tech industry has a lot of success stories, including the creation of unicorns, startup founders achieving billionaire status, published lists such as 30 under 30 showcasing stories of successful founders. Startups are a challenging and dynamic endeavour. The startup founders face lot of uncertainties and need to navigate them. The failure rate is very high and hardly ten percent of them reach break-even and less than one percent achieve unicorn status. Much less are the ones that reach steady state with profitable operations. Availability of funds at various stages of a startup's life is the key to this startup phenomenon. It is highlighted by all founders whom we spoke to. Some highlight how they self-funded the startups and tried to reach profitability quickly. But many of them raised huge amount of funds but fell by the wayside, due to the misuse of funds. Some of them bought their growth through incentives to customers, employees and other parties involved. The founders also blame the venture capitalists and funds providers, as the cause for failure because of wrong strategies forced on them. Tech Industry attracts a lot of entrepreneurs. It is a challenging and dynamic endeavour. Founders have to navigate uncertainties. They have to build sustainable business models. The key to success lies in driving continuous innovation. A competitive environment is a key aspect for startups. Some of the factors determining success are positioning in the market, access to funding and similar factors. In addition, technology adoption is key to success. The advancements in technology has aided these. Easy availability of internet, widespread use of mobile phones with data connectivity, clouding computing, are some of these. Shift to software-as-a-service has helped enable this trend. More recently, advancements in Artificial intelligence have further facilitated this movement. We have seen the rapid growth of the startup ecosystem globally. Increased venture capital investments has fueled this growth. Government initiatives has also been a catalyst. Incubators and startup accelerators have also aided. Startups are key to innovation. It has been a vehicle for job creation and governments have recognized this. Startups have helped in transformation across various industries. However, there are a lot of challenges faced during this path towards achievement of success. The entrepreneurs have to navigate these uncertainties. They are related to positioning in the market. Constraints in availability of funding is another. The technological advancements make their lifespan short. Manpower issues, leadership transition, differences among founders also impact growth. All the above impact the ability to scale. Sustaining growth is important amidst all these.

The failure rate in the startup industry is very high. Some experts have highlighted the importance of speed and the principle of fail fast as startups often fail to get product-market fit. The challenge of attracting investors at various stages in lifecycle also plays a part.

Start-up funding is among the biggest challenges in the early stages of development. If the grant is insufficient, founders will face marketing challenges and other survival problems. Without the support of sufficient funding, startups can't hire the right talent or market their product/service or run a smooth operation. To avoid this, startup founders need to think out of the box to get funding and stay relevant in the ecosystem for startups. This paper analyses the funding aspect as part of the entrepreneurial journeys of the founders whom we interviewed. We have prepared the interview transcripts of these ten founder interviews. Thematic analysis has helped to identified recurring themes. It is based on their real-life experiences during the journey. It provides insight into their struggles, strategies and includes the lessons learnt. The findings will serve those aspiring to be entrepreneurs. It also helps funding agencies and investors. Various industry stakeholders will also benefit from the findings. It offers practical recommendations. It helps to build more resilient startups. It helps in development of an innovation-driven ecosystem. The study contributes to the broader literature on entrepreneurship. It provides empirical insights connected with success of startups. It helps with sustainability in the technology startup space. Table 1 shows key success factors and challenges in tech startups.

Table 1 Tech startups -Key Success Factors and Challenges

Aspect	Insights
Success	Unicorn creation, billionaire founders, global recognition
Failure	~90% fail to break even; <1% reach unicorn status; few achieve sustained profitability
Funding	Critical across all stages; self-funding, venture capital and misuse of funds directly affect outcomes
Key Drivers	Market positioning, funding access, technology adoption, continuous innovation
Enablers	Internet access, mobile connectivity, cloud computing, SaaS, artificial intelligence
Ecosystem	Government policies, incubators, accelerators, venture capital investments
Challenges	Investor pressure, leadership transitions, founder conflicts, short tech lifecycles, manpower issues

Research Objective (RO)

This study intends to explore the practical hands-on experiences of founders, challenges faced, and the remedial approach taken by startup founders in the technology sector and the way forward for the ecosystem participants. Thematic analysis of qualitative interview data is used for this purpose.

Research Question (RQ)

What are the key challenges faced by tech startup founders in their entrepreneurial journeys and how these can be addressed systemically in the way forward?

2. Literature review

Natarajan, Gupta, Sahoo(2026) analyzed the current scenario of the tech startups in India. Their study points out that India has the foundation. India needs to build a strong progression engine. Startup incubators and accelerators need to continue engagement beyond graduation. They stress that the corporate customers progress from pilot to contract with clarity. They also stress the importance of investors who back scale with confidence. A different type of investors will be needed for deeptech startups, with deep pocket, and the will to back ventures with high risk to reward situation. They also point out the need for public systems that operate on startup timelines.

Gupta Ruchi(2025) in her article mentions that The 21st century witnessed a growth in startups due to the creation of infrastructure, availability of resources, and an urge to be self-employed in the wake of innovative mindset.

Ganesaraman, K., Bala Subrahmanya, M.H (2022) in their article highlight the challenges faced by tech startups. Technology startups are exposed to multiple challenges. One of the key challenges is conflict, as it has a decisive role in the technology startup evolution. The strategic intervention of investors coupled with the proper governance structure can lend a helping hand in minimizing conflicts.

Singh S, Bala Subrahmanya MH(2022) in their article have highlighted that there is a lack of understanding on what are the various needs for financing, what factors drive these needs and how do they vary over a startup's lifecycle. They have opined that Research Capital is the most critical financial requirement for a tech startup as it assumes predominance throughout a tech startup's lifecycle and acts as oxygen for its growth and sustainable competitive advantage.

Nidamaluri, Rao & Reddy, Hanuma & Rao, Uma. (2026) in their study examine the distribution of funded startups, deeptech sector growth, AI-driven entrepreneurial activity, and the increasing involvement of women entrepreneurs in high-growth sectors. Their study findings emphasize the role of metropolitan ecosystems in driving India's innovation economy and provide policy recommendations for fostering broader entrepreneurial participation nationwide.

Suresh, Lata. (2025) in their article highlight that Government-backed initiatives like Startup India, Atal Innovation Mission, and Production Linked Incentive (PLI) schemes have created a nurturing environment, while increased smartphone penetration and affordable data have unlocked entirely new consumer segments in tier-II and tier-III cities.

Khan, Rizwan. (2026) in their article explain how deeptech startups embed sustainability within their missions and business models, and how supportive ecosystems, mission-aligned capital, and strong research partnerships help them transition from laboratory innovation to real-world impact

Naik, Moodee. (2026) opine that India has become one of the fastest-growing startup ecosystems in the world, supported by government initiatives, digital transformation, and increasing investor interest. However, despite remarkable progress, Indian entrepreneurs face multiple challenges, including regulatory hurdles, funding gaps, infrastructure constraints, and skill shortages

Varalakshmi, Prof. (2025). examine the geographical distribution of startups ecosystem, employment generation and Gender inclusivity initiatives in India. The study explores the policy frameworks of top performing states contribution to the ecosystem maturity in these regions.

Nayak, V.. (2026) in their article provide a comprehensive analysis of startup financing in India, examining the three pillars of venture capital, angel investment, and alternative funding sources.

Satyanarayana, Krishna & Chandrashekar, Deepak & Mungila Hillemane, Bala Subrahmanya. (2021) explain that among the firm-related factors, sales and R&D capabilities of the start-ups have shown to be of paramount importance in influencing the competitiveness of high-tech start-ups.

Kasturi, Swapna & Suram, Swetha & Anuradha, V.. (2026) explain that An Entrepreneurial Ecosystem allows startups to create, take risks, and interact successfully. Robust Ecosystems make startups to access the information and resources they require to be competitive.

Natarajan, Gupta, Sahoo(2026) state that India's next phase of growth will be determined by its ability to convert innovation into scalable enterprises. To accelerate India's transition from innovation to scale needs strengthening structural alignment. India's most leveraged scale inflection point is the shift from technology validation to commercial viability. Studies have shown that 80–85% of tech start-ups remain at the same funding stage even after 5 years, reflecting extended stage duration at early funding levels. The Seed-to-Series A stage has the highest drop-off rate (~85%), despite high tech start-up formation and incubation. Conversion challenges stem more from commercialization depth and execution readiness than capital scarcity or idea quality.

Natarajan, Gupta, Sahoo(2026) state that Incubator & Accelerator quality, structure, and incentive design play a central role in shaping commercialization outcomes. India has meaningfully expanded its incubator and accelerator footprint, creating broad early-stage support capacity, with a growing subset of programs demonstrating strong follow-on outcomes.

Natarajan, Gupta, Sahoo(2026) state that Greater coordination across capital flows, institutional linkages, and post-incubation support can strengthen start-ups' transition from incubation to scale. Over 90% of funding remains concentrated at Seed and early-stages, with a 5X drop in capital since 2021. Tech start-ups face disconnected support across pilots, capital, and regulatory systems, leading to fragile scale transitions.

Sulillari(2023) analyzed the funding challenges that a start-up has to deal with and the impact that it can have on the future of the company. She has listed out the main reasons for business failure among startups in 2021. She referred to data from Statista which reported that running out of cash or failing to raise new capital was one of the

leading reasons.. The study highlights how fragile financial management can decide the fate of startups. And therefore, careful planning and access to sustainable funding become essential for growth.

Kousari(2011) studied new solutions to funding dilemma of startups and in his article presents the basis of a new approach that uses crowdfunding as a method for attracting investors to collective projects. According to his research crowdfunding enables small investors to access funding opportunities that were previously unavailable. The research demonstrates that group funding eliminates funding obstacles while developing an entrepreneurial network which supports new business ventures at their beginning stages.

Nisha and Tatkar(2024) studied the start-up funding and challenges evolve an Indian perspective. They list out the various funding methods available to the startups in India. They have tried to arrive at a criterion to select the type of funding to adopt. They have found that startups prefer equity funding over other types of financing as it is the least risky way of financing.

Badra and Dr Sharma(2016) studied the funding aspects for startups under the startup India scheme and mention that credit guarantee for startup lending, seed capital from government have a galvanizing impact on the startups in India. The research demonstrates that state-backed funding structures enhance funding accessibility and minimize investment risks for startups. The government's interventions deliver capital while simultaneously creating confidence throughout the ecosystem. The implemented measures motivate additional people to view entrepreneurship as a feasible business opportunity.

Davila et al(2000) studied the association between the presence of venture capital and the growth of startups. Their research found that start-ups that get financed by venture capitalists have higher growth rates in comparison with start-ups that do not get financed by venture capitalists. These advantages help founders scale their companies more effectively.

Ren et al (2020) researched the impact that web attention and culture have on the success of the funding process of start-ups. Ren found that in collectivistic cultures, online visibility has a strong positive impact when companies try to secure funding. The findings show that investor confidence depends on how well a company is known and how much social recognition it receives. The research shows that establishing an online presence has become essential for business success. Founders who effectively manage their digital reputation will draw in investors who want to provide financial support.

Ren et al(2021) studied the crowd funding decisions and yet another route for startup funding. They focused on focus on two factors that affect the subjective funding behaviors of investors: emotional language in the project description and risky funding choices of prior investors. Their findings suggest that investors in crowdfunding contexts do not always make rational decisions in funding projects.

Poeschl and Isabella(2025) in their study opine the importance of tailored communication strategies to bridge the gap between entrepreneurs in nascent markets and international investors. They argued that successful funding depends not only on strong business ideas but also on the ability to communicate effectively across cultural and business contexts. Their findings emphasize that communication should be clear, convincing and adaptive. This study suggests that entrepreneurs who refine their communication are more successful in gaining cross border investor confidence.

Shane(2003) in his book “A general Theory of Entrepreneurship: The individual-Opportunity Nexus” defines entrepreneurship as “an activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes and raw materials through organizing efforts that previously had not existed. The study highlighted that technology-based startups rely on early market signals. They use industry trends to validate their business models.

Moloi(2024) studied the funding challenges of startups in south Africa, when seeking capital funding. Some of the challenges identified are unfavorable funding terms, lack of transparency, non-customized funding metrics, seed capital shortage and lack of mentorship and coaching. The study points out some proposed solutions.

Kumar & Saleem(2023) studied the problems faced by startups in India. They found that Indian businesses are suffering from various problems like unorganized and fragmented Indian market, lack of clear and transparent policy initiatives, lack of infrastructure, lack of knowledge and risk aversion, complexities in doing business, etc.

Atkotiya and Thakker(2025) studied what are the sources that people utilize for funding and to know the participation of people in raising funds by government schemes. Their findings showed that awareness of government support programs is still limited among new entrepreneurs. They suggested that stronger outreach is needed to ensure more businesses benefit from these initiatives.

Jain & Mittal(2024) in their article startups challenges and opportunities, focus on the strategies adopted by startups to raise financial capital. They offer insights into effective financial management of startups.

Ermavati(2024) in the study Entrepreneurial Finance strategies for startup success, explains that VC funding offers capital and expertise but is competitive, while bootstrapping provides autonomy and encourages resourcefulness. Crowdfunding offers alternative financing but requires effective marketing and community engagement.

Liu(2023) in his article methods and trends in financing entrepreneurship explores different methods of financing entrepreneurial activity. He explains the potential benefits and drawbacks of each financing model.

Worakantak et al(2024) in their article use a contextualized approach that understands funding in emerging economy context on a financing process that incorporates multiple sources. Accessing funding involves a process of deal-making that takes a lot of time of entrepreneurs over a long period of time.

Nazir and Tabaishat(2023), in their article, studied two important questions - Do outside funds and increased access to capital have an effect on the market valuation of technology startup firms? Should entrepreneurs prioritize outside funding to increase the values of their firms? Their findings suggest that there is a U-shaped relationship between the amount of capital raised and post-money valuation, indicating that while capital funding has an overall positive effect on market valuation, raising too much capital has a negative impact.

Block et al(2023) researched on the consequences of VC funding for entrepreneurs. The results of our analysis show that VC funding can impact the entrepreneur's digital identity in both a positive and a negative way. Knowing how VC investors select portfolio ventures helps entrepreneurial ventures access badly needed external financing.

Harel et al (2020) studied funding access and innovation in startups and small business. The study examined the extent to which lack of funding constitutes a barrier to innovation. The findings also indicate that, there is a relationship between product and marketing levels of innovation and lack of access to external funding

Frimanslund et al(2022) in their study on the role of finance in entrepreneurial ecosystems, mention that financial access is a crucial element of entrepreneurship. They synthesize the debate across different research fields such as Finance, entrepreneurship and regional development.

Stevenson et al (2022) studied Why do entrepreneurs prefer to seek one equity form of funding over another? They developed a contingency-based model of perceived funding fit that delineates several factors that influence strategic fund-seeking decisions by entrepreneurs.

Klein et al(2019) opine that Limited financing opportunities often prevent entrepreneurs from realizing their innovative business ideas or taking growth opportunities. Their findings suggest that the lack of funding can discourage experimentation and reduce the number of startups that survive. They emphasized that easier access to capital can increase entrepreneurial activity. The study shows that finance is not only a business resource but also a driver of creativity and innovation in the economy. Table 2 shows the summary of literature on startup funding challenges and strategies.

Theoretical Framework

The Resources-Based view (RBV) of the firm (Barney, 1991; Grant, 1996) has been around for quite some time. It provides a framework for understanding how startups build competitive advantage. It also helps to understand how this advantage can be sustained. In the context of startups, the resources can be explained in the following way. Apart from human resources, marketing, technological capabilities, access to external resources especially multiple stages of funding is very important. RBV is particularly relevant for this study. It brings out aspects related to securing funding in various stages (ecosystem and funding). Overall it explains the role of strategic resource allocation needed to achieve the startup growth.

The framework serves this paper because it directly addresses the funding problems startups encounter. The Resource-Based View demonstrates that financial and technological resources play an essential role in business expansion. It demonstrates that competitive advantage emerges from proper utilization of available resources. Startups

typically fail because they lack sufficient funding or because they manage their resources ineffectively. The Resource-Based View establishes a link between these problems and long-term sustainability and success.

3. Methodology

Qualitative approach is used in this study. It helps to explain the experiences and challenges faced by startup founders. It also helps to understand the strategies adopted by them. There is inherent complexity in entrepreneurial decision-making. There are contextual factors affecting startup success.

In view of the above, thematic analysis was conducted with input as the interview transcripts and data. It helped to identify key patterns and gain insights. In this section, we outline the data collection process. We also explain the analytical framework used in the study.

Thematic analysis was conducted manually. It involved careful reading of the interview transcripts. They were then coded and analysis done to identify key themes. We systematically counted the frequency of occurrence of each theme across respondents. Consistency was ensured through use of iterative review. It helped to minimize subjectivity. It helped in enhancing reliability.

Data Collection

The study used in-depth interviews. Semi-structured interviews were conducted with ten startup-founders. They are from various technology-driven enterprises. The semi-structured format helped in allowing in-depth exploration of key topics. It helped maintain flexibility in adapting to the varying experience of individuals.

Thematic Analysis

Thematic Analysis helps to extract meaningful insights from the interviews conducted. Thematic analysis method helps in identification of themes that recur. It also helps in identifying patterns across narratives from different founders. Thematic Analysis is useful to conduct qualitative research on topics such as entrepreneurship. It follows the framework proposed by Braun & Clarke (2006).

Reliability and Validity Considerations

It is important to ensure the credibility and enhance the reliability of the findings of the study. The following strategies were used to achieve the above.

Inter-coder reliability check - to verify the consistency of theme identification, a second researcher did a review of the coded transcripts

Member validation: The summarized themes were subjected to review by selected participants. It helped to confirm that they reflected the experiences shared as accurate as possible

Triangulation: In this step, the findings of the study were compared with existing literature on challenges faced by startups. It helped to ensure alignment with the trends in entrepreneurship.

Thus this study employed a detailed thematic analysis. it ensured that the extracted insights provide a good representation of challenges faced by entrepreneurs, in an authentic way.

Key themes identified

The following themes emerged – Startup formation & growth, Market Positioning, Technology adoption, Knowledge & IP management, Leadership challenge, Ecosystem & Funding.

The details are enclosed in the below table 2 below

Table 2

Summary table from Thematic Analysis

/Founder	Startup formation & growth	Market Positioning	Technology Adoption	Knowledge & IP Management	Leadership challenge	Ecosystem
A-11	5	4	6	3	4	5
C-11	4	5	7	4	3	6
R-11	6	6	8	5	4	7

V-11	3	5	6	2	4	6
A-22	4	3	5	3	5	4
V-22	5	4	6	3	3	5
C-22	3	6	7	4	5	6
J-11	4	3	4	3	4	5
V-33	5	5	6	4	3	5
J-22	4	4	5	3	3	6
TOTAL	43	45	60	34	38	52

Note: the names of the respondents are masked to avoid any negative personal impacts to them.

One of the key discussion points was the difference between the startup ecosystems as they exist in India and outside India. Ecosystem support opportunities were more abundantly available in the United States.

4. Discussion and Implications

Several critical insights are revealed by the above Thematic Analysis. These insights are relate to the entrepreneurial journeys of the founders of tech startups. It highlights the common challenges and strategies adopted. The Theme frequency table indicates that Technology adoption (60 mentions) and ecosystem and Funding(52 mentions) were the most discussed themes. It suggests that these factors play a central role. They affect the startup's ability to scale and sustain growth.

One of the frequent challenges discussed by founders was the ecosystem support and funding (52 mentions). The founders who have spent time in India and abroad, were able to compare their two experiences. They felt that funding is easier in the United States. Two founders mentioned that Indian investors were risk-averse. Silicon valley investors are willing to fund high-risk high-growth ventures.

One of the critical constraints is the access to funding. The financial gaps can be bridged by making use of strategic partnerships and government incentives. The analysis brings out the point that ecosystem support plays a crucial role in growth. Similarly, mentorship programs, risk-friendly investment cultures also play a role.

The findings of this study highlight several important lessons for entrepreneurs. There are of course, regional differences. They influence how startups access capital. To succeed in competitive tech markets, the entrepreneurs have to proactively engage with mentorship networks. They need to leverage funding opportunities. Table 3 shows key discussion themes and implications.

Table 3 Discussion Themes and their Implications

Theme	Insight	Implication
Technology	Most frequent	Drives scaling and sustained growth
Ecosystem	Second most frequent	Funding gaps hinder growth; ecosystem support vital
Differences	Easier funding in U.S. than India	Risk culture shapes investor decisions
Networks	Crucial support factor	Entrepreneurs must engage proactively
Incentives	Bridge financial gaps	Policy support strengthens startup survival

5. Conclusion

The discussions with the founders and the analysis reveals significant aspects. The Startup Progression is characterized by extended stage duration. It is mentioned that 80–85% of tech start-ups remain at the same funding stage after 5 years. This indicates progression barriers are structural and stage-linked rather than driven by idea quality or capital availability. The founders mention that Primary Conversion Inflection is the movement from Seed-to-Series A funding. They state that approximately 85% of seed-stage ventures do not advance to Series A within 5 years This stage requires demonstrable customer validation, early revenue traction, and repeatable go-to-market models. It is also pointed out that Incubation Strength Co-exists with Commercialization Opportunity. Conversion from PoC to paying customers remains the defining differentiator at scale stages. It has been pointed out that early-stage capital is strong. But growth stage deepening remains selective. It is emphasized that Growth-stage capital participation remains concentrated, shaping scale outcomes.

There are significant challenges when it comes to funding constraints, regional ecosystem differences and handling leadership transitions. Access to capital remains a major bottleneck, as the high frequency of mention of ecosystem and funding (52 mentions). This is particularly important for India-based startups. This is due to the high risk aversion among investors. In the US Silicon Valley, the founders get greater access to venture capital. But the founders have to contend with huge expectations and higher competition environment.

This study throws light on startup founders experiences. Further research can explore sector-specific challenges. Better understanding of the role of startup incubators, tax incentives, etc can be achieved. As the next wave of entrepreneurs emerge, these insights will help them navigate better the complexities in building and scaling of their startups with adequate and timely funding.

Future work could employ longitudinal studies to track founders' experiences across different funding stages. This would provide deeper insights into how resource access and allocation evolve over time.

Future Research Directions

This study provides a broad analysis of startup challenges and strategies to counter them. Future research could delve deeper sector-wise, to identify differences. With regard to funding, more research needs to be conducted. It helps the government agencies prepare plans for startups. It helps other stakeholders such as Venture capitalists to improve their assessment systems and deploy funds in a better way.

Alternate sources of funding can also be explored. Newer sources such as crowd funding can be explored in more detail. Bootstrapping as a way of funding also needs more research. The impact of excess funding on the morality of the founders needs to be researched. Many instances are thrown up in India, where the founders are seen to divert the funds to further their personal agenda or unrelated business activities. The recent instances of failure of a Edtech unicorn, an EV startup etc are cases in point.

The ethics and morality of the founders and how it changes when they become rich and attain unicorn status also needs to be researched. We are coming across startups where the founders chase valuation with additional funding rounds, leaving the day to day operations with less attention. It leads to a profit less growth, creative accounting, collusion of various stakeholders to defraud others etc. All this are newer areas for research in funding for startups.

Future studies could also include cross-country comparative case studies, which would highlight how cultural and institutional factors shape investor behavior.

Ethical Compliance: All procedures performed in this study involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Helsinki Declaration and its later amendments or comparable ethical standards.

Data Access Statement: The data supporting this publication are available upon request from the corresponding author.

Conflict of Interest declaration: The authors declare that they have no affiliations with or involvement in any organization or entity with any financial interest in the subject matter or materials discussed in this manuscript.

Informed Consent Declaration

The authors confirm that informed consent was obtained from all participants involved in this study. The participants were provided with detailed information about the study's purpose, procedures and their right to withdraw at any time without any consequences. Participation was entirely voluntary and responses were anonymized to ensure confidentiality. No personally identifiable information was collected or stored. The study adhered to ethical guidelines and was conducted in accordance with the principles of the Declaration of Helsinki.

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