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A Study on Financing Options for Small Business Startups in Chhatrapati Sambhajinagar

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Abstract: ***Access to finance is the cornerstone of small business creation and growth. For aspiring entrepreneurs in Tier-II cities like ChhatrapatiSambhajinagar (formerly Aurangabad), navigating the complex landscape of financing options — from government-backed schemes to private equity — presents both opportunities and significant challenges. This research paper investigates the awareness, utilization, and preference patterns of financing options among small business startups in ChhatrapatiSambhajinagar, drawing on a primary survey of 150 startup founders and proprietors across diverse sectors. The study examines a broad spectrum of financing channels including PradhanMantri MUDRA Yojana (PMMY), Prime Minister's Employment Generation Programme (PMEGP), bank credit, microfinance institutions (MFIs), angel investment, venture capital, crowdfunding, and self-financing (bootstrapping). Findings reveal that while awareness of formal government schemes remains moderate, actual utilization is constrained by documentation complexity, collateral requirements, and institutional barriers. Bootstrap financing and bank loans dominate current usage, while awareness of equity-based options such as angel funding and Startup India Seed Fund remains limited. The paper proposes a structured Startup Financing Accessibility Framework (SFAF) to guide entrepreneurs, financial institutions, and policymakers toward improving financing access for small business startups in emerging urban centres of Maharashtra.***

Keywords: Small Business Startups, Startup Financing, MUDRA Yojana, PMEGP, Microfinance, Angel Investment, Venture Capital, Bootstrapping, ChhatrapatiSambhajinagar, Startup India, Financial Inclusion

I. INTRODUCTION

The entrepreneurial spirit is the bedrock of inclusive economic growth. Across India, the government's flagship programmes — Startup India, Make in India, Atmanirbhar Bharat — have placed small business creation and self-employment at the center of the national economic agenda. In this context, ChhatrapatiSambhajinagar, a historically significant and rapidly industrializing city in Marathwada, Maharashtra, offers a microcosm of the opportunities and challenges that characterise entrepreneurship in India's Tier-II urban ecosystems.

ChhatrapatiSambhajinagar is home to a diversified industrial base encompassing automotive components (as a key supplier to the Aurangabad automotive cluster), pharmaceuticals, textiles, food processing, handicrafts, and a growing services sector. The city's strategic location between Mumbai and Hyderabad, improving infrastructure connectivity, and an expanding pool of technically educated youth create fertile conditions for startup activity. However, entrepreneurs in the city continue to face the perennial challenge that constrains small business creation worldwide: access to adequate and appropriate financing.

Startup financing decisions are among the most consequential choices that entrepreneurs make. The type and quantum of financing secured at inception shapes a startup's capital structure, growth trajectory, risk profile, and the degree of control that founders retain over their enterprise. Making poorly informed financing decisions — such as relying exclusively on high-cost informal credit when government-subsidised schemes are available, or failing to consider equity financing when business models are inherently scalable — can constrain a startup's potential from its earliest days.

Despite the proliferation of financing schemes at the national and state levels, significant information asymmetries persist among startup founders in smaller cities. Entrepreneurs frequently lack structured knowledge of the full menu of available financing options, their respective eligibility criteria, application processes, and suitability for different business models and growth stages. This information gap contributes to sub-optimal financing decisions, excessive dependence on informal and family finance, and underutilisation of institutional schemes that were designed precisely to support small business creation.

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This research addresses this gap by systematically investigating the awareness, utilization, and preferences of small business startups in ChhatrapatiSambhajinagar with respect to their financing options, identifying the barriers that prevent optimal financing access, and proposing a framework to guide entrepreneurs, financial institutions, and policymakers toward improved financing outcomes. The study seeks to contribute both to the academic literature on startup finance in Indian Tier-II cities and to the practical body of knowledge available to entrepreneurs and policy makers in the Marathwada region.

II. LITERATURE REVIEW

A. Theoretical Foundations of Startup Financing

The academic study of startup financing draws from multiple theoretical traditions. Modigliani and Miller's (1958) capital structure irrelevance propositions established the foundational framework for understanding financing decisions, positing that in frictionless markets, the source of financing does not affect firm value. However, the extensive empirical literature on startup finance demonstrates that market imperfections — particularly information asymmetries, transaction costs, and institutional gaps — make financing source decisions critically important for early-stage enterprises.

Myers and Majluf (1984) introduced the pecking order theory of financing, which posits that firms prefer internal financing (retained earnings and personal savings) to external debt, and external debt to equity, in descending order of preference due to adverse selection costs associated with information asymmetries. The pecking order theory has substantial explanatory power for small business and startup financing behavior: empirical studies consistently show that bootstrapping and personal funds are the dominant first financing choice for small business founders, particularly in markets where information asymmetries between entrepreneurs and external financiers are pronounced — a description that precisely fits most Indian Tier-II city contexts.

The resource-based view of the firm (Penrose, 1959; Barney, 1991) provides a complementary lens, recognising that financial capital is one of several critical resources that determinesstartup viability and growth. From this perspective, financing access is not merely a financial decision but a strategic one: the type of financing obtained — whether government grant, bank loan, or venture equity — brings with it accompanying resources (mentorship, networks, market access, governance capabilities) that may be as valuable as the capital itself. This perspective helps explain why high-growth startup founders may prefer angel or venture funding over cheaper bank debt, even when the latter is available.

B. Government Financing Schemes for Small Businesses in India

India's policy architecture for small business financing has expanded dramatically over the past decade. The PradhanMantri MUDRA Yojana (PMMY), launched in 2015, has become the most widely recognised government financing scheme for micro and small enterprises, offering collateral-free loans of up to Rs. 10 lakh across three tiers: Shishu (up to Rs. 50,000), Kishore (Rs. 50,000 to Rs. 5 lakh), and Tarun (Rs. 5 lakh to Rs. 10 lakh). Since its inception, MUDRA has disbursed loans to hundreds of millions of borrowers, significantly expanding credit access for the informal and semi-formal sector.

The Prime Minister's Employment Generation Programme (PMEGP), implemented through KVIC and state DICs, provides project loans of up to Rs. 25 lakh for manufacturing and Rs. 10 lakh for services/trading, with margin money subsidies ranging from 15% to 35% depending on beneficiary category and geography. The scheme has supported significant employment generation, though evaluation studies note challenges in scheme awareness, application complexity, and post-sanction utilisation among first-generation entrepreneurs (Ministry of MSME, 2023).

The Startup India Seed Fund Scheme (SISFS), launched in 2021, provides financial assistance to early-stage startups through incubators, offering grants of up to Rs. 20 lakh for proof of concept and loans of up to Rs. 50 lakh for prototype development and market entry. The scheme targets DPIIT-recognised startups and represents the government's attempt to bridge the financing gap between ideation and the stage at which venture capital becomes accessible — commonly referred to as the 'valley of death' in startup finance.

C. Informal and Alternative Financing Channels

Despite the proliferation of formal financing schemes, informal financing channels continue to play a dominant role in small business financing in India, particularly in smaller cities and semi-urban areas. Family and friend financing — sometimes characterised as 'love money' — remains the most common external financing source for startup founders who have exhausted personal savings. Microfinance institutions (MFIs), initially focused on women's self-help groups (SHGs) and rural borrowers, have progressively expanded into urban and semi-urban markets, providing small-ticket loans with minimal documentation requirements and group-based credit assessment.

Angel investment and venture capital, while constituting a small absolute share of startup financing by number of firms, account for a disproportionate share of high-growth startup funding.NASSCOM (2023) estimates that India is now the third-largest startup ecosystem globally, with venture capital inflows growing substantially. However, this capital remains heavily concentrated in the major metropolitan hubs of Bengaluru, Delhi-NCR, and Mumbai, with relatively limited penetration into Tier-II cities. Entrepreneurs in cities like ChhatrapatiSambhajinagar face geographic and institutional barriers to accessing equity financing that go beyond the fundamental informational challenges that characterise the angel-startup matching problem everywhere.

Crowdfunding, while a relatively recent phenomenon in India, has emerged as a viable financing option for consumer-facing products and socially oriented ventures. Platforms such as Ketto, Milaap, and Wishberry have facilitated fundraising for creative projects, social ventures, and product launches. The regulatory framework for equity crowdfunding, governed by SEBI's framework for Alternative Investment Funds, remains more restrictive in India than in some developed markets, limiting the applicability of equity crowdfunding for most small business startups.

D. Financing Challenges in Tier-II City Contexts

Several studies have documented the specific financing challenges faced by entrepreneurs in smaller Indian cities. Baporikar (2014) noted that entrepreneurs in Tier-II and Tier-III cities face compounded disadvantages: lower institutional density (fewer banks, fewer investors, fewer incubators), lower awareness of available schemes, weaker social capital networks connecting them to investors and mentors, and reduced access to professional advisory services. These structural disadvantages create financing gaps that are larger and more persistent than those experienced by entrepreneurs in metropolitan centres.

Mohan (2012), in a study of MSME financing challenges in Maharashtra, found that collateral requirements, stringent documentation norms, and lengthy processing times were the most frequently cited barriers to formal bank financing among small business owners. These findings resonate with the operational context of ChhatrapatiSambhajinagar, where many startup founders come from non-business family backgrounds without existing collateral assets, limiting their access to secured bank financing despite potentially viable business proposals.

III. ECONOMIC PROFILE OF CHHATRAPATI SAMBHAJINAGAR

ChhatrapatiSambhajinagar, historically known as Aurangabad and renamed in 2023 to honour the Maratha king ChhatrapatiSambhajiMaharaj, is the administrative headquarters of the Marathwada region and one of Maharashtra's fastest-growing urban agglomerations. The city has a population of approximately 15 lakh (Census estimates) and is strategically positioned along the SamruddhiMahamarg (Mumbai-Nagpur Expressway corridor) and has direct air connectivity to major metros.

The city's industrial landscape is anchored by its automotive components sector: ChhatrapatiSambhajinagar is home to major automotive assembly plants (Bajaj Auto, Skoda-Volkswagen India) and an extensive ecosystem of Tier-1 and Tier-2 component suppliers. The pharmaceutical and biotech sector has also expanded significantly, leveraging the city's scientific workforce and proximity to Pune's research ecosystem. Traditional industries including Bidri metalwork, Himroo and Paithani weaving, and handloom textiles represent both heritage crafts and growing tourism-linked commercial opportunities.

The startup ecosystem in ChhatrapatiSambhajinagar is in a nascent but growing stage. The city hosts several engineering and management colleges, including Dr.BabasahebAmbedkarMarathwada University and a number of affiliated institutions such as the International Centre of Excellence in Engineering and Management (ICEEM), which increasingly serve as seedbeds for entrepreneurial intent. However, the formal incubation infrastructure, access to seed capital, and linkages to institutional investors remain limited compared to Maharashtra's major startup hubs of Pune and Mumbai.

The concentration of the working population in the manufacturing and informal service sectors means that many startup founders are first-generation entrepreneurs without family business experience, collateral assets, or established banking relationships. This demographic profile is both the motivation for expanded government financing support and the source of the financing access challenges that this study investigates.

IV. OBJECTIVES OF THE STUDY

The research is guided by the following primary and secondary objectives:

1) To map the landscape of financing options available to small business startups in ChhatrapatiSambhajinagar, encompassing formal institutional finance, government schemes, equity financing, and informal channels.
2) To assess the level of awareness among startup founders regarding the various financing options, eligibility criteria, and application processes available to them.

3) To analyze current financing utilization patterns and the factors that determine which financing sources are actually accessed by entrepreneurs in the study area.
4) To identify the key barriers and challenges that preventstartup founders from optimally accessing available financing options.
5) To examine sector-wise and stage-wise differences in financing preferences and challenges among ChhatrapatiSambhajinagarstartups.
6) To propose a structured Startup Financing Accessibility Framework (SFAF) providing actionable guidance to entrepreneurs, financial institutions, and policymakers.

V. RESEARCH METHODOLOGY

A. *Research Design*

This study employs a descriptive-analytical research design, integrating primary survey data with secondary data analysis to comprehensively examine financing options and challenges among small business startups in ChhatrapatiSambhajinagar. The research is cross-sectional in character, capturing a snapshot of financing awareness, utilization, and preferences at a defined point in time.

B. *Sample and Data Collection*

Primary data was collected through a structured questionnaire administered to 150 startup founders and small business proprietors in ChhatrapatiSambhajinagar, selected using purposive and snowball sampling methodologies. Respondents were drawn from diverse sectors including manufacturing, retail, services, food processing, handicrafts, and the informal economy, with startup tenure ranging from pre-revenue concept stage to businesses established within the last five years.

Secondary data was sourced from the Ministry of MSME's annual reports, Reserve Bank of India publications on MSME credit, SIDBI reports, Maharashtra Industrial Development Corporation (MIDC) statistics, District Industries Centre (DIC) Aurangabad records, NASSCOM's Indian startup ecosystem reports, and peer-reviewed research on startup financing in Indian Tier-II cities.

C. *Data Analysis Methods*

The primary data analysis employs descriptive statistical techniques including frequency distributions, percentage analysis, and cross-tabulation to examine awareness, utilization, and preference patterns across financing options, sectors, and respondent categories. Qualitative analysis of open-ended survey responses complements the quantitative analysis, providing deeper insight into the reasoning behind financing choices and the specific nature of barriers encountered. Secondary data analysis provides the contextual backdrop against which primary findings are interpreted.

VI. FINANCING LANDSCAPE FOR SMALL BUSINESS STARTUPS

A. *Overview of Available Financing Options*

Table 6.1 presents a comprehensive mapping of the financing options available to small business startups in ChhatrapatiSambhajinagar, spanning government schemes, institutional debt, equity channels, and alternative mechanisms.

Table 6.1: Financing Options Available to Small Business Startups — Comparative Overview

Financing Option	Type	Typical Amount (INR)	Eligibility	Key Advantage
Bank Loans (PSBs)	Debt	1L – 50L	Business plan, credit score	Lower interest rates
MUDRA Loan (Shishu/Kishore/Tarun)	Govt. Scheme	Up to 10L	Non-corporate small units	Collateral-free finance

Financing Option	Type	Typical Amount (INR)	Eligibility	Key Advantage
PMEGP Scheme	Subsidy + Loan	Up to 25L (Mfg)	Educated unemployed youth	15–35% subsidy component
Microfinance Institutions (MFIs)	Debt	10,000 – 5L	Low-income entrepreneurs	Minimal documentation
Angel Investors / Seed Funding	Equity	10L – 1Cr+	Scalable business model	Mentorship + capital
Venture Capital	Equity	1Cr+	High-growth potential startups	Large capital + networks
Crowdfunding	Hybrid	Variable	Consumer-facing products	Market validation
Bootstrap / Self-Funding	Equity	Variable	All founders	Full control retained
Trade Credit / Supplier Finance	Credit	Variable	Established supplier relation	No formal borrowing
Startup India Seed Fund (SISFS)	Grant + Loan	Up to 20L (grant)	DPIIT-recognized startups	Non-dilutive capital

Source: Authors' Compilation based on Government Notifications, RBI Guidelines, and Field Survey Data (2024)

The landscape of financing options reveals important distinctions in scale, eligibility, and strategic purpose. Government schemes (MUDRA, PMEGP, SISFS) are specifically designed to address market failures in small business finance — providing collateral-free or subsidized capital to founders who would otherwise be excluded from formal markets. Institutional bank lending, while potentially larger in quantum, remains constrained by collateral and documentation requirements. Equity financing through angels and venture capital offers the largest capital access potential for genuinely scalable businesses, but at the cost of ownership dilution and the rigorous screening that professional investors apply.

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VII. SURVEY FINDINGS AND ANALYSIS

A. *Awareness and Utilization of Financing Options*

Table 7.1 presents the survey findings on financing awareness, current utilization, and preferred financing choice among the 150 startup founder respondents in ChhatrapatiSambhajinagar.

Table 7.1: Awareness, Utilization, and Preference of Financing Options among Respondents (n=150)

Financing Option	Awareness (%)	Currently Using (%)	Preferred Choice (%)
Bank Loans (PSBs/Private)	82%	48%	62%
MUDRA Loan	71%	54%	47%
PMEGP Scheme	53%	31%	38%
Microfinance Institutions	64%	29%	21%
Angel / VC Funding	41%	12%	19%
Crowdfunding	38%	8%	11%
Startup India Seed Fund	29%	14%	10%
Bootstrap / Self-Funding	91%	67%	—
Trade Credit	44%	22%	—

Source: Primary Survey Data — ChhatrapatiSambhajinagar Small Business Startup Study (2024)

Bootstrap financing (self-funding) records the highest awareness (91%) and current utilization (67%) among respondents, confirming the pecking order theory's prediction that internal and near-internal financing dominates first-choice behavior among startup founders. Bank loans from public sector and private banks rank second in awareness (82%) and third in preference (62%), reflecting entrepreneurs' familiarity with traditional banking channels.

MUDRA Yojana, despite significant government promotion, records 71% awareness but only 54% current utilization, suggesting that awareness alone is insufficient for scheme uptake — process barriers and documentation requirements likely account for the gap between those aware of the scheme and those who have accessed it. PMEGP shows a similar pattern, with awareness (53%) markedly lower than MUDRA, suggesting the scheme's outreach communication has been less effective despite its attractive margin money subsidy feature.

The most striking findings concern equity-based financing options. Angel and venture capital awareness stands at only 41%, and actual utilization at just 12%, reflecting the geographic concentration of equity investors in metropolitan centres and the early-stage nature of most respondent businesses. The Startup India Seed Fund awareness is lowest among formally supported schemes (29%), indicating a significant communication gap that limits the scheme's reach in Tier-II city contexts — precisely the markets it is designed to serve.

B. *Sector-Wise Financing Preferences*

Financing preferences are not uniform across the startup population; they vary significantly by sector, reflecting the different capital requirements, asset profiles, and growth trajectories of businesses in different industries.

Table 7.2: Sector-Wise Financing Preferences and Challenges among Respondents

Sector	Respondents	Preferred Option	Loan Approval Rate	Key Challenge
Manufacturing	42%	PMEGP, Bank Loan	29%	Equipment loans
Retail & Trading	38%	MUDRA, Trade Credit	21%	Short tenure finance
Services & IT	31%	Angel, Bootstrapping	18%	High growth capital
Food & Agro Processing	24%	PMEGP, Bank Loan	27%	Subsidy linkage
Handicraft & Artisan	19%	MFI, MUDRA	32%	Micro-level finance

Source: Primary Survey Data — ChhatrapatiSambhajinagar Small Business Startup Study (2024)

Manufacturing startups show the highest preference for PMEGP and bank loans (42% and 29% respectively), driven by the scheme's capital equipment financing component and the asset-backed nature of manufacturing businesses that supports bank collateral requirements. The relatively high loan approval rate (29%) compared to other sectors reflects the availability of plant and machinery as collateral.

Services and IT-oriented startups, by contrast, show the strongest inclination toward angel funding and bootstrapping (31%), driven by scalable business models that are more compatible with equity financing and the asset-light nature of service businesses that limits bank loan eligibility. Handicraft and artisan businesses demonstrate the highest utilization of microfinance and MUDRA products, consistent with the scheme's original design orientation toward micro and very small enterprises.

C. Key Barriers to Financing Access

Survey respondents identified multiple barriers to optimal financing access. These barriers are summarized in Table 7.3, along with their primary impact and potential mitigation pathways.

Table 7.3: Key Financing Barriers — Impact and Mitigation Analysis

Challenge Faced	Impact on Startup	Suggested Mitigation
Lack of collateral assets	Inability to secure formal bank loans	Promote MUDRA/PMEGP collateral-free schemes
Low financial literacy	Unaware of available schemes	Awareness drives by banks & NGOs
Inadequate credit history	Loan rejection from PSBs/private banks	Encourage credit-builder microloans
Complex documentation	Application dropout from entrepreneurs	Simplified digital application portals
Fear of equity dilution	Avoidance of angel/VC funding	Financial literacy programs on equity
Slow govt. scheme disbursement	Cash flow gaps during setup phase	Faster approval with online tracking
Informal sector dominance	Exclusion from formal credit access	GST/Udyam registration incentives

Source: Authors' Analysis based on Primary Survey Data and Literature Review

The most frequently cited barrier was the lack of collateral assets, mentioned by 68% of respondents, consistent with Mohan's (2012) Maharashtra-specific findings. Many first-generation entrepreneurs from service-class or agricultural backgrounds have no immovable property to offer as security, effectively excluding them from secured bank financing regardless of the viability of their business proposals.

Low financial literacy and awareness of available schemes was cited by 61% of respondents — a finding with direct policy implications. Entrepreneurs frequently expressed unawareness of the full range of government schemes available to them, citing that they had learned about MUDRA only through peer networks or by coincidence rather than through systematic government or bank outreach. Documentation complexity was identified as a barrier by 54% of respondents, with particular frustration expressed regarding project report requirements, Udyam registration documentation, and bank-specific KYC and financial history requirements. For first-time borrowers without accountants or banking relationships, these requirements create significant friction that can result in application abandonment even when the underlying business case is sound.

VIII. PROPOSED STARTUP FINANCING ACCESSIBILITY FRAMEWORK (SFAF)

Drawing on the survey findings, theoretical review, and existing frameworks in startup finance, this research proposes the Startup Financing Accessibility Framework (SFAF) for small business startups in ChhatrapatiSambhajinagar and similar Tier-II city contexts. The SFAF comprises four integrated pillars:

Pillar 1: Financing Literacy and Awareness Infrastructure

The most fundamental prerequisite for improved financing access is comprehensive awareness of available options among the target population of startup founders. A structured Startup Financing Literacy Programme, delivered through a combination of digital channels (WhatsApp-based information modules, YouTube tutorials in Marathi and Hindi), in-person workshops at college campuses and MIDC industrial areas, and a single-window information portal for ChhatrapatiSambhajinagar entrepreneurs, would significantly reduce information asymmetries. Banks and DIC offices should collaborate to deploy dedicated startup finance counsellors — individuals trained to assess a founder's situation and map them to the most appropriate financing option — rather than expecting entrepreneurs to self-navigate an opaque financing landscape.

Pillar 2: Simplified Access to Government Scheme Benefits

Government financing schemes offer the most suitable terms for first-generation entrepreneurs — collateral-free credit, subsidies, and low interest rates — but their utilization is constrained by process complexity. A dedicated Startup Financing Facilitation Cell, operated jointly by the District Industries Centre, lead banks, and the city administration, should provide end-to-end application assistance for MUDRA, PMEGP, and SISFS applications. Simplification of project report requirements — perhaps through standardized templates for common business categories — would lower the barrier for entrepreneurs without formal financial management experience. Integration of Udyam registration, bank account linkage, and scheme application into a single digital flow, accessible via mobile devices, would further reduce friction.

Pillar 3: Building a Local Equity Financing Ecosystem

The low penetration of equity financing in ChhatrapatiSambhajinagar reflects the absence of local angel investor networks and the geographic concentration of venture capital in metropolitan centres. Building a local equity financing ecosystem requires multi-stakeholder effort: successful entrepreneurs and business leaders from the automotive and pharmaceutical sectors should be organised into a formal angel network for the Marathwada region, with a structured deal flow pipeline connected to ICEEM and other local incubators. Regular pitch events and startup showcases — building on the model of successful Tier-II angel networks in cities like Coimbatore and Nashik — would create visibility and deal flow. Educating founding teams about equity financing — including how to present investor decks, how to structure term sheets, and how equity dilution works over funding rounds — is an essential complement to building investor supply.

Pillar 4: Credit History and Collateral Substitution Mechanisms

For the large proportion of first-generation entrepreneurs who lack both credit history and collateral assets, alternative assessment mechanisms can expand financing access without creating systemic credit risk. CGTMSE (Credit Guarantee Fund Trust for Micro and Small Enterprises) guarantee cover, when actively promoted and utilized by lending banks, effectively substitutes for collateral for eligible MSMEs. Pilot programmes linking microfinance graduation to MUDRA-Kishore and Tarun tier access — creating a progressive creditworthiness building pathway — can help entrepreneurs establish banking relationships and credit history that eventually qualify them for larger formal sector financing. Digital financial record-keeping, supported by GST filing history and payment gateway transaction data, increasingly provides alternative sources of credit assessment data for businesses that lack formal balance sheets.

IX. RECOMMENDATIONS

Based on the research findings and the SFAF framework, the following actionable recommendations are directed at key stakeholder groups:

A. *For Entrepreneurs:*

- Conduct a systematic personal financing assessment — mapping available personal and family capital, eligibility for government schemes, and realistic access to institutional debt — before launching operations, to optimize the financing mix from inception.
- Prioritize Udyam registration as the first administrative step in business formation, as it unlocks access to the largest number of government financing schemes and buyer-development programs.
- Engage with local DIC offices, ICEEM's entrepreneurship cell, and bank startup desks proactively to understand the full menu of available financing options before committing to any single channel.

B. *For Financial Institutions:*

- Establish dedicated small business and startup relationship desks at branches in industrial and commercial areas of ChhatrapatiSambhajinagar, with officers specifically trained in MUDRA, PMEGP, and CGTMSE guarantee utilisation.
- Develop standardized project report templates for the five most common business categories in the local economy (manufacturing, food processing, retail, services, and handicrafts) to reduce the documentation burden on first-time borrowers.
- Expand active marketing of CGTMSE guarantee coverage to reduce collateral barriers for creditworthy first-generation entrepreneurs.

C. *For Government and Policymakers:*

- Expand the SISFS incubator network to include ICEEM and other qualified institutions in ChhatrapatiSambhajinagar, to ensure the scheme's benefits reach Marathwada'sstartup community.
- Commission a dedicated ChhatrapatiSambhajinagarStartup Finance Report — tracking financing flows, scheme utilization, and startup creation rates — to build an evidence base for targeted policy intervention in the Marathwada region.
- Implement a structured PMEGP awareness and facilitation programme targeting unemployed engineering and management graduates — a significant demographic in the city — with the potential to become first-generation entrepreneurs.

X. CONCLUSION

This research has examined the financing landscape for small business startups in ChhatrapatiSambhajinagar, identifying significant gaps between the availability of financing options and their utilization among the city's emerging entrepreneur community. The findings confirm that information asymmetries, documentation barriers, collateral requirements, and the geographic concentration of equity financing present compounding challenges for first-generation entrepreneurs in Tier-II city contexts.

At the same time, the research documents a rich and expanding menu of financing options — from collateral-free MUDRA loans and PMEGP subsidies to the Startup India Seed Fund and emerging local angel networks — that, if more effectively communicated and more accessible in practice, could significantly expand the financing frontier for ChhatrapatiSambhajinagarstartups. The city's industrial heritage, growing educational infrastructure, and strategic location within Maharashtra's emerging growth corridor create genuine conditions for an entrepreneurial acceleration, provided that financing access constraints are systematically addressed.

The Startup Financing Accessibility Framework (SFAF) proposed in this study — integrating financing literacy infrastructure, simplified government scheme access, local equity ecosystem development, and credit history building mechanisms — provides a structured, evidence-based roadmap for entrepreneurs, financial institutions, and policymakers seeking to unlock ChhatrapatiSambhajinagar'sstartup potential. Implementation of the framework requires coordinated effort across multiple stakeholders: it cannot be achieved by any single actor alone, but the collective gains — measured in new enterprises created, employment generated, and livelihoods transformed — justify the collaborative investment.

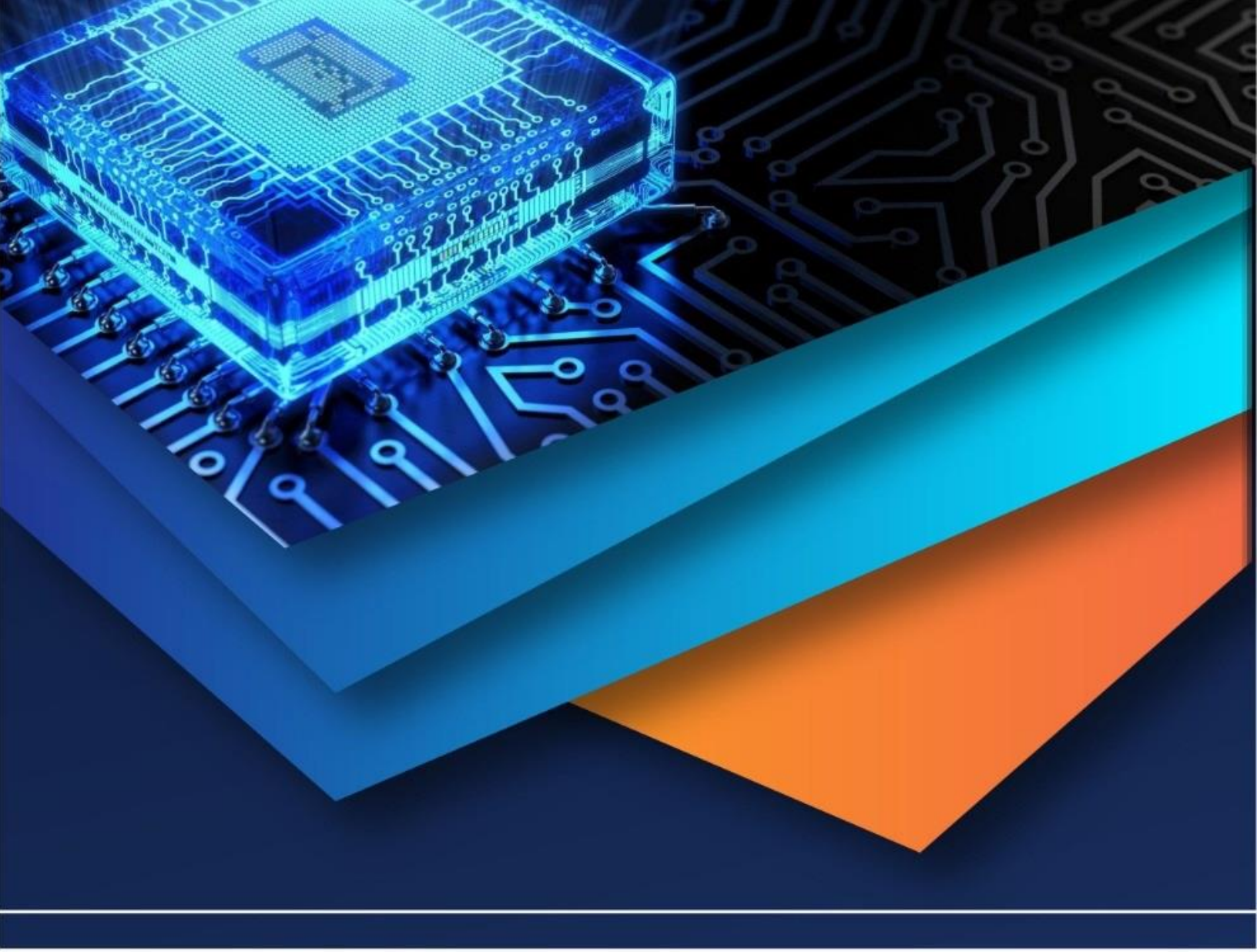
Future research should extend this study's cross-sectional findings through longitudinal tracking of financing access patterns among ChhatrapatiSambhajinagarstartups, examine the differential impact of various financing sources on startup survival and growth outcomes, and investigate the role of digital finance platforms and fintech innovation in reshaping the small business financing landscape in India's Tier-II cities.

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