



A STUDY ON CHALLENGES ACCESSING IN GOVERNMENT GRANTS

Miss. M. Sowmiya* Miss. C. Sangavi**

**Assistant professor, PG Department of Commerce, Arasu College of Arts and Science for Women, Karur.*

***Assistant professor, PG Department of Commerce, Arasu College of Arts and Science for Women, Karur.*

Abstract

Government grants are an essential policy tool for encouraging entrepreneurship, fostering innovation, and promoting socio-economic development. They provide financial support without repayment obligations, making them highly valuable for startups, small businesses, and social initiatives. However, despite their potential benefits, many intended beneficiaries struggle to access these grants due to complex application processes, limited awareness, strict eligibility norms, bureaucratic delays, and inadequate digital support systems. These challenges often result in underutilization of allocated funds and a mismatch between policy objectives and practical outcomes. This study examines the major obstacles in accessing government grants, highlighting procedural, structural, and informational barriers. It also suggests strategies such as simplifying grant procedures, improving digital platforms, enhancing transparency, and conducting awareness programs to strengthen accessibility. The findings aim to bridge the gap between government policy and effective implementation, thereby maximizing the developmental impact of public funding.

Keywords: *Government Grants, Startup Support, Accessibility Challenges, Public Policy, Funding Barriers, Innovation Ecosystem, Bureaucratic Delays, Policy Implementation.*

Introduction

Government grants are widely recognized as a vital instrument for supporting entrepreneurship, innovation, and socio-economic development. They provide startups, small businesses, research institutions, and non-profit organizations with critical funding to undertake projects that may otherwise be unviable due to financial constraints. Unlike loans, grants do not require repayment, making them an attractive source of capital for new and emerging ventures. By offering such financial assistance, governments aim to stimulate innovation, create employment opportunities, and promote inclusive growth. However, despite their importance, accessing government grants remains a significant challenge for many beneficiaries. Startups and small enterprises, in particular, often encounter obstacles such as complex application procedures, lack of awareness about available schemes, stringent eligibility criteria, bureaucratic delays, and limited transparency in evaluation processes. Furthermore, inadequate digital literacy, insufficient support networks, and regional disparities further restrict access, especially for entrepreneurs in rural or underdeveloped areas.

The difficulty in accessing grants creates a gap between policy intent and actual outcomes, reducing the effectiveness of government initiatives. While substantial funds are allocated to grant schemes, many remain underutilized due to procedural bottlenecks and lack of accessibility. This highlights the need for a systematic study of the challenges faced by applicants in accessing government grants. This paper seeks to analyze these challenges, identify the key barriers in application and disbursement processes, and suggest strategies for improving accessibility and transparency. By doing so, the study contributes to strengthening the effectiveness of grant programs and ensuring that public resources achieve their intended developmental impact.



Statement of the Problem

Government grants are designed to provide crucial financial assistance for startups, small businesses, and development projects, thereby fueling economic growth and innovation. Despite the availability of multiple schemes at national and regional levels, a significant portion of eligible entrepreneurs and organizations face difficulties in accessing these grants. The challenges often stem from:

1. Complex Application Procedures that demand extensive documentation and compliance.
2. Limited Awareness among potential beneficiaries about the existence and scope of grant schemes.
3. Stringent Eligibility Conditions that exclude many deserving applicants.
4. Bureaucratic Inefficiencies and Delays in approval and disbursement processes.
5. Digital and Regional Disparities, which create accessibility, gaps for rural and underprivileged entrepreneurs.

As a result, large portions of allocated funds remain underutilized, and the intended impact of government grant policies is diluted. This mismatch between policy design and on-ground realities raises critical questions about the effectiveness of existing frameworks. Therefore, it becomes necessary to systematically study the obstacles in accessing government grants and to explore possible solutions that can enhance transparency, efficiency, and inclusiveness.

Scope of the Study

This study focuses on analyzing the challenges faced by entrepreneurs, startups, and small businesses in accessing government grants. The scope covers:

1. **Target Audience:** Startups, micro, small, and medium enterprises (MSMEs), and social entrepreneurs who depend on government grants for growth.
2. **Geographical Focus:** While the study discusses global trends, the primary focus remains on India with references to international practices for comparison.
3. **Key Issues Examined:** Procedural complexity, awareness levels, eligibility restrictions, bureaucratic delays, and digital access barriers.
4. **Time Frame:** The study primarily considers grant schemes introduced in the past decade, particularly those aligned with startup promotion and innovation-driven growth.
5. **Exclusions:** Private funding, venture capital, and purely loan-based schemes are excluded, as the emphasis is strictly on government grants.

The study aims to bridge the gap between policy formulation and actual beneficiary experiences, offering actionable insights for policymakers and stakeholders.

Review of Literature

1. **Mazzucato (2018)** emphasized the role of government funding in nurturing innovation but highlighted that bureaucratic structures often limit timely access to resources.
2. **OECD Report (2020)** observed that while grants are crucial for supporting early-stage startups, excessive documentation and lack of transparency deter small entrepreneurs.
3. **Kumar & Reddy (2019)** studied government schemes in India and found that rural entrepreneurs remain disadvantaged due to digital illiteracy and poor awareness campaigns.
4. **World Bank (2021)** identified that underutilization of grant funds is a recurring issue in developing countries, often resulting from policy-implementation gaps.



5. **Sharma & Gupta (2022)** analyzed Indian startup policies and concluded that simplified application processes and one-stop digital platforms significantly improve grant accessibility.
6. The literature reveals a consistent pattern: while grants are powerful tools for economic and social development, their effectiveness is weakened by structural and procedural hurdles. This study builds upon these insights to explore practical solutions for improving grant accessibility.

Research Methodology

This study adopts a descriptive and analytical research design to examine the challenges faced by entrepreneurs and startups in accessing government grants. The methodology is structured as follows:

1. Research Design

1. **Descriptive** in nature, as it identifies and describes the various barriers in accessing government grants.
2. **Analytical**, as it interprets existing policies and evaluates their implementation gaps.

2. Sources of Data

Primary Data

1. Structured questionnaires distributed among startups, small business owners, and incubators.
2. Interviews with entrepreneurs who have applied for or attempted to access government grants.
3. Discussions with policymakers, financial advisors, and government officials involved in grant disbursement.

Secondary Data

1. Government reports, policy documents, and scheme guidelines.
2. Research articles, books, and case studies related to grant accessibility.
3. International reports from OECD, World Bank, and UNDP for global comparisons.

3. Sampling Method

1. **Target Group:** Startups, MSMEs, and entrepreneurs across urban and semi-urban regions.
2. **Sampling Technique:** Purposive sampling, focusing on those who have attempted to access grants.
3. **Sample Size:** 100 respondents (startups and entrepreneurs) for survey analysis.

4. Tools of Data Collection

1. Questionnaires with both closed-ended and open-ended questions.
2. Semi-structured interviews to capture in-depth insights.
3. Online surveys for wider reach.

5. Tools of Analysis

1. **Quantitative Analysis:** Percentages, charts, and cross-tabulations to understand common barriers.
2. **Qualitative Analysis:** Thematic analysis of interview responses.
3. **Comparative Analysis:** Benchmarking Indian grant accessibility challenges with global best practices.



6. Limitations of the Study

1. Restricted to selected regions and may not capture all geographical differences.
2. Dependence on self-reported responses, which may involve biases.
3. Focuses only on government grants, excluding loans and private funding mechanisms.

Findings

1. **Low Awareness Levels** – A majority of startups and small businesses were unaware of specific grant schemes available to them.
2. **Complex Application Procedures** – Lengthy documentation, legal formalities, and bureaucratic red tape discouraged entrepreneurs from applying.
3. **Digital Divide** – Many rural and semi-urban entrepreneurs lacked the digital literacy or infrastructure to apply through online portals.
4. **Delayed Disbursement** – Even after approval, fund release was often delayed due to administrative inefficiencies.
5. **Eligibility Restrictions** – Strict criteria excluded a large portion of entrepreneurs, especially informal sector businesses.
6. **Underutilization of Funds** – Several government reports indicated that sanctioned grant funds often remained unutilized.
7. **Lack of Transparency** – Beneficiaries reported unclear communication on application status and selection criteria.

Suggestions

1. **Awareness Campaigns** – Government should organize workshops, roadshows, and digital campaigns to educate entrepreneurs about available grants.
2. **Simplified Procedures** – One-window online platforms with step-by-step guidance can reduce complexity.
3. **Capacity Building** – Training programs for rural and small entrepreneurs to improve digital and financial literacy.
4. **Time-bound Disbursement** – Strict timelines for approval and fund release should be enforced with accountability mechanisms.
5. **Relaxed Eligibility Norms** – More inclusive eligibility criteria to accommodate micro and informal sector entrepreneurs.
6. **Third-Party Facilitation** – Collaboration with incubators, NGOs, and industry associations to assist applicants.
7. **Transparency and Tracking** – Real-time tracking systems and grievance redresses mechanisms should be strengthened.

Conclusion

Government grants are an essential tool for promoting entrepreneurship, innovation, and inclusive economic growth. However, despite the availability of several schemes, access remains a major challenge due to bureaucratic complexity, lack of awareness, and infrastructural gaps. The study highlights that simplifying processes, strengthening awareness, and enhancing transparency are critical to ensuring equitable access. Effective collaboration between government, private institutions, and civil society can bridge the gap between policy intent and grassroots impact, ultimately empowering startups and small businesses to thrive.



References

1. Audretsch, D. B., Lehmann, E. E., & Wright, M. (2014). Technology transfer in a global economy. *Journal of Technology Transfer*, 39(3), 301–312. <https://doi.org/10.1007/s10961-012-9286-8>.
2. Government of India. (2023). Startup India Action Plan. Ministry of Commerce and Industry. Retrieved from <https://www.startupindia.gov.in>.
3. OECD. (2021). *Financing SMEs and Entrepreneurs 2021: An OECD Scoreboard*. Paris: OECD Publishing. https://doi.org/10.1787/fin_sme_ent-2021-en.
4. World Bank. (2020). *Innovation and entrepreneurship ecosystem diagnostic toolkit*. Washington, DC: World Bank.
5. UNDP. (2022). *Policy innovations for inclusive entrepreneurship: Global practices*. New York: United Nations Development Programme.
6. Sharma, R., & Gupta, P. (2022). Barriers to accessing government financial support for startups in emerging economies. *International Journal of Entrepreneurship and Small Business*, 45(2), 178–194.
7. Indian Chamber of Commerce. (2021). *Report on startup funding and government grants in India*. Kolkata: ICC Publications.
8. Goyal, M. (2020). Public-private partnerships and startup ecosystem development in India. *Asian Journal of Public Policy*, 12(4), 512–530.