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A STUDY ON THE IMPACT OF GOVERNMENT POLICIES ON THE GROWTH OF START-UPS IN COMMERCE SECTOR

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ABSTRACT
The current research investigates the role of government policies in the emergence and sustainability of start-ups in the commerce industry. Start-ups are very instrumental in fuelling innovation, creating jobs, and stimulating economic growth. Their success, however, is heavily determined by the regulatory framework and support systems offered by the government. This study analyses a range of policy actions including tax credits, financing schemes, ease of doing business strategies, and support for digital infrastructure. Based on a mixed-methods design that combines primary data from start-up entrepreneurs with secondary data from policy reports, the study assesses the efficiency of these policies in achieving start-up development. The results emphasize the need for policy transparency, timely delivery, and ecosystem infrastructure in facilitating start-up performance. The research concludes with policy recommendations for sharpening aimed at developing an environment more favourable to start-up innovation and scalability in the commerce sector.
KEYWORDS: *Government Policies, Start-Up Growth, Commerce Sector, Entrepreneurship*

INTRODUCTION
In the recent years, start-ups have emerged as prime drivers of economic expansion, job creation, and innovation, particularly in trade and business activity, which are part of a broad range of commercial activity. With the economies becoming increasingly competitive and dynamic, the role played by the government in developing an enabling environment to promote entrepreneurial action has come into prominence. Government policies—ranging from regulatory frameworks and tax policies to funding frameworks and digital infrastructure initiatives—are themselves a key driver of the trajectory of start-ups.

The commerce sector, with its rapid digitization and shifting consumer patterns, brings both opportunity and challenge to new companies. As start-ups bring with them flexibility, innovation, and disruption, they are also vulnerable to various challenges such as restricted access to credit, administrative burdens, and regulatory problems. Governmental actions, therefore, can have far-reaching consequences in determining if these types of businesses thrive or fail.

The objective of this study is to investigate how various government policies impact the development, establishment, and continuity of start-ups in the commercial sector. By examining both facilitating and blocking policies, the study is intended to understand how much government intervention fosters or stifles start-up growth. The findings of this study are expected to be of immense benefit to policymakers, entrepreneurs, and stakeholders seeking to build a strong start-up system and drive sustainable economic development.

LITERATURE REVIEW
1. Policy Frameworks and Start-Up Growth
Research like that conducted by Lerner (2009) and Shane (2008) points out that focused government interventions such as tax breaks, grants, and incubators can greatly enhance start-up formation and survival. In the trade industry that tends to have high competition and thin margins, these policies offer much-needed relief and the prospects of scaling.
2. Regulatory Environment and Ease of Doing Business
Regulatory simplicity is also a major driver of entrepreneurial activity, according to the World Bank's Doing Business reports. Complex compliance processes, licensing, and the uncertainty of the regulatory environment

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can deter start-up creation and suppress innovation, as argued by Kitching et al. (2015). In contrast, reforms to simplify registration procedures and cut red tape have resulted in positive impacts on business start-ups.

3. Financial Support Mechanisms

Funding access is a problem of concern for start-ups. State-sponsored initiatives like credit guarantee schemes, venture capital, and seed funding programs are well-documented in the literature for their effectiveness in reducing funding risk (Beck et al., 2008). In the case of commerce start-ups, in which initial investment in inventory and technology is typically large, such policies prove to be turn-around measures.

OBJECTIVES OF THE STUDY

1.To analyze the different government policies intended for the advancement of start-ups in the commerce industry.

This goal revolves around determining and comprehending the various forms of government interventions—like tax allowances, grants, easy rules, and infrastructure assistance—that are intended to stimulate entrepreneurship in commerce-based business ventures.

2.To evaluate the role of these government policies in influencing the progress and viability of start-ups within the commerce industry.

The research will examine the manner in which these policies affect primary indicators of start-up success, such as growth in revenue, expansion of market, availability of employment opportunities, and ability to innovate, to ascertain their efficacy.

3.To assess the issues and hindrances encountered by start-ups in deriving benefits from government policies.

This includes investigating the real challenges start-ups face, e.g., complicated documentation, lengthy funding, ignorance, or uneven policy implementation, which can hamper their utilization of government assistance to the fullest.

4.In order to assess the efficacy of particular policy interventions like tax incentives, funding programs, and ease of doing business improvements.

By concentrating on tangible policy, this goal aims to quantify how effective these policies are in enabling start-ups to overcome financial and operational challenges and create a healthy environment for growth.

5.In order to give advice to policymakers regarding enhancing government assistance to enable the development of the start-up ecosystem in the commerce sector.

According to the evidence, the research will propose practical recommendations for designing more effective policies and enhancing implementation to develop a stronger and more vibrant start-up ecosystem.

RESEARCH GAPS

1.Lack of Sector-Specific Policy Impact Analysis

While many studies explore the general impact of government policies on entrepreneurship, few focus specifically on the commerce sector. Start-ups in commerce—particularly in retail, e-commerce, logistics, and trading—face unique challenges such as inventory management, digital infrastructure needs, and customer trust. The absence of targeted research on how policies affect these sector-specific issues leaves a significant gap in academic and policy literature.

2.Limited Evaluation of Policy Implementation vs. Policy Design

Much of the existing research focuses on what policies exist (design) rather than how effectively they are implemented on the ground. There is often a discrepancy between policy intent and its real-world impact on start-ups. This gap calls for empirical studies that assess actual experiences of entrepreneurs in accessing government benefits, overcoming bureaucratic barriers, and navigating regulatory frameworks.

3.Insufficient Focus on Early-Stage Start-Ups

Many studies evaluate start-ups that are already established or scaling. However, early-stage start-ups—especially in commerce—often struggle the most with accessing government support due to lack of awareness, limited resources, or rigid eligibility criteria. There is a need to explore how policies support or fail to support start-ups in their formative stages.

4.Inadequate Coverage of Regional and Local Policy Effects

Most existing literature tends to generalize national-level policy impacts without considering regional variations. In many countries, the effectiveness of government support depends heavily on state or local implementation. There is a gap in understanding how regional differences—such as infrastructure quality, local governance, or administrative efficiency—affect the success of commerce start-ups.

5.Lack of Entrepreneurial Perspective in Evaluating Policies

Many policy impact studies are written from a governmental or institutional perspective, relying on macroeconomic indicators. There is limited qualitative research capturing the lived experiences and perceptions

of entrepreneurs themselves—how they view government support, what barriers they face, and what changes they desire. This gap limits the depth of understanding needed to make policies more responsive and practical.

METHODOLOGY

1.Research Design – Descriptive and Analytical

The study will adopt a descriptive research design to provide a detailed account of existing government policies related to start-ups in the commerce sector. Additionally, an analytical approach will be used to assess the actual impact of these policies on start-up growth, drawing connections between policy measures and business performance indicators.

2.Data Collection – Primary and Secondary Sources

- Primary data will be collected through structured questionnaires and interviews with start-up founders, managers, and policy experts.
- Secondary data will be gathered from government reports, policy documents, journals, and databases related to start-up development and commerce sector performance.
- This mixed approach ensures comprehensive data and improves the validity of the findings.

3.Sampling Technique – Purposive Sampling

The study will use purposive (judgmental) sampling to select participants who are directly involved with start-ups in the commerce sector and have experience with government policy interaction. This method ensures that the selected respondents have relevant and insightful knowledge to contribute to the research.

4.Data Analysis – Quantitative and Qualitative Methods

- Quantitative analysis will involve the use of statistical tools (e.g., percentages, correlation analysis) to interpret survey responses and measure trends.
- Qualitative analysis will be applied to interview responses, allowing for thematic exploration of personal experiences, challenges, and suggestions related to government policies.
- This dual analysis helps uncover both measurable and contextual impacts of policy interventions.

5.Study Area and Time Frame

The research will focus on a specific geographical area (e.g., a country, region, or city) where commerce start-ups are prominent, depending on the research scope. A defined time frame (e.g., policies implemented over the last 5 years) will be used to evaluate recent policy impacts and ensure the relevance of findings to current economic conditions.

FINDINGS

1.Limited Awareness of Government Policies Among Start-Ups

Most commerce start-ups are not aware of the entire gamut of government schemes and policies meant for them. This limited awareness is often responsible for non-optimal use of useful support programs like tax relief, seed capital, or incubi

2.Financial Support Remains a Serious Issue

Even with the access to funding schemes, most start-ups had been struggling to obtain government-offered financial assistance because of lengthy application processes, eligibilities, and administrative delays. The most challenged in obtaining these funds are early-stage start-ups.

3.Policy Implementation Is Inconsistent Across Regions

There is considerable disparity in the application of policies at the state or local level. Some places provide pro-active support and integrated services, while others are plagued by administrative inefficiencies, which make it more difficult for start-ups to equally enjoy across places.

4.Infrastructure and Digital Policy Support Positively Influences Growth

Government policies aimed at enhancing digital infrastructure—e-payment systems, e-commerce portals, logistics networks, among others—have had a quantifiable positive effect on start-ups within the commerce sector, most notably online ones.

5.Policy Support Is More Effective for Scaling Than for Starting Up

Policies prefer established start-ups or those which are in the growth phase. Founders indicated that although scaling and expansion support exists, there is no focused help for the earliest and most fragile phases of business creation.

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