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A Study On The Role Of Government Initiatives Like 'Startup India' On Youth Entrepreneurship

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ABSTRACT

Over the years, youth entrepreneurship has become a key driver of innovation, employment, and economic development in India. Seeing its potential, the Government of India initiated the 'Startup India' program in 2016 to develop a strong ecosystem that fosters entrepreneurial culture among the youth. This paper discusses the role of such government programs in encouraging and maintaining youth-led startups throughout the nation. Based on an in-depth analysis of policy initiatives, financial support schemes, skill development initiatives, and regulatory changes launched under the Startup India initiative, the research assesses the effectiveness of these interventions among young entrepreneurs. It also analyzes the issues confronted by youth in availing benefits and regional variations in startup development. Based on secondary data, case studies, and current trends, the paper showcases the success of Startup India in empowering future generations of entrepreneurs while providing recommendations on how to further increase the inclusivity and sustainability of such efforts.

KEYWORDS: Start-up India, youth entrepreneurship, government initiatives, innovation ecosystem, economic development

INTRODUCTION

Over the years, youth entrepreneurship has become a key driver of economic growth, innovation, and employment across the world. In India, where one of the world's youngest populations resides, creation of a dynamic entrepreneurial ecosystem has become a national endeavor. To capitalize on this, the Government of India has initiated a range of programs in order to build entrepreneurial culture among young people, and 'Startup India' is one of the priority programs. Launched in January 2016, the Startup India program aims to create a robust ecosystem that is favorable to the growth of startup ventures, thus promoting sustainable economic growth and creating employment opportunities. The scheme offers a range of incentives, such as ease of regulatory compliance, tax concession, funding, incubation, mentorship, and ease of doing business, particularly to motivate youth to convert their innovative ideas into successful ventures. This program is a policy-making paradigm shift—away from perceiving the government as a job provider to that of an entrepreneurial facilitator. It not only generated a cultural transformation among Indian youth towards entrepreneurship and risk-taking but also sought to eliminate systemic impediments that had earlier choked entrepreneurial growth. Apart from this, through the initiatives of encouraging the availability of funds through the Fund of Funds for Startups (FFS), setting up more than 80 startup incubators, introducing the Startup India Seed Fund Scheme, and bringing into action platforms like Startup India Hub, the government has made the ecosystem more accessible and inclusive to prospective youth entrepreneurs,

including youths from tier-2 and tier-3 cities. This paper attempts to analyze the role and success of programs such as Startup India in empowering youth, innovation-led entrepreneurship, and India's socio-economic change. This study, through a critical analysis of policy environments, success stories, and issues confronted by young entrepreneurs, tries to highlight how such government initiatives are changing the face of entrepreneurship in India.

STATEMENT OF THE PROBLEM

India, being the land of so large and young a population, has huge entrepreneurial potential. The Government of India, with a view to recognizing and tapping this potential, initiated programs such as Startup India to encourage innovation, generate employment opportunities, and encourage young entrepreneurs. Although these programs hold the promise of financial assistance, ease of business, guidance, and infrastructure assistance, the real impact on youth entrepreneurship is questionable. Although Startup India sets ambitious objectives, its reach, effectiveness, and inclusiveness—in particular, in the case of youth in tier 2 and tier 3 cities—are being questioned. Although most young would-be entrepreneurs still face problems related to unawareness, bureaucracy, restricted access to funding, and ineffective mentoring assistance, we're left with one very skeptical question: Are startup programs like the one from India really stimulating young entrepreneurship, or are there lacunae at the interface between policy formulation and policy implementation? Therefore, the present study intends to critically examine the effectiveness and role of government schemes—here, Startup India—in the development of youth entrepreneurship in India. It intends to measure the extent of awareness, accessibility, and tangible actions of such schemes in the context of young entrepreneurs and measure whether the programs are indeed addressing the concerns that they intended to solve.

OBJECTIVES OF THE STUDY

- To examine the awareness level of youth entrepreneurs regarding government initiatives like 'Startup India'.
- To analyze the impact of the 'Startup India' initiative on the motivation and decision-making of young entrepreneurs.
- In order to evaluate the effectiveness of the support mechanisms provided under 'Startup India' (finance, guidance, incubation facility, and ease of registration) towards youth entrepreneurship promotion
- To assess the challenges and barriers faced by young entrepreneurs in availing benefits under the 'Startup India' scheme.
- To study the role of government policies in creating a favorable ecosystem for startups and entrepreneurship among the youth.
- To identify gaps in the implementation of the initiative and suggest improvements for better outreach and impact.
- To explore the contribution of 'Startup India' in promoting innovation, employment generation, and economic growth through youth-led startups.

SCOPE OF THE STUDY

- To analyze the influence of government initiatives, specifically 'Startup India', on promoting youth entrepreneurship in India.
- To examine the awareness level of young entrepreneurs regarding the benefits and provisions of the 'Startup India' program.
- To assess the impact of financial support, incubation, and mentorship provided under such schemes on startup success and sustainability.
- To explore the role of policy reforms and ease-of-doing-business measures in encouraging young individuals to start ventures.
- To identify the sectors most influenced by the 'Startup India' initiative among youth-led startups.
- To understand regional differences, if any, in the effectiveness of the initiative across urban and semi-urban areas.
- To evaluate challenges faced by young entrepreneurs in accessing and utilizing government-provided support.

- To suggest improvements in policy implementation based on youth feedback and entrepreneurial outcomes.
- To contribute to the academic understanding of government-driven entrepreneurial ecosystems in emerging economies like India.

RESEARCH METHODOLOGY

DATA SOURCE

SECONDARY DATA

The information for this research paper on the impact of government programs such as 'Startup India' on youth entrepreneurship is derived from secondary sources, i.e., the research does not use primary data obtained through surveys, interviews, or experiments. Rather, the research is constructed from existing literature, reports, and datasets from reliable sources such as government websites, academic journals, research papers, and industry reports. Particularly, statistics from government programs such as Startup India, Ministry of Commerce and Industry, and other similar government departments have been used, as well as relevant studies and research papers from academic databases such as Google Scholar, JSTOR, and Research Gate. Secondary sources are used because of time and financial limitations, as well as the pre-existing knowledge base that exists on this topic, enabling the research to concentrate on interpreting and analysing the available data. Reports from industry associations, research institutions, and think tanks have also been considered to provide a comprehensive understanding of the impact of government initiatives on youth entrepreneurship. Still the secondary sources give a wide picture of the effect of government programs on youth entrepreneurship, which allows a thorough analysis of the research question.

TOOLS FOR ANALYSIS

In order to critically evaluate the 'Startup India' initiative's effect on youth entrepreneurship, the study utilizes qualitative and descriptive analytical tools using secondary data. The study is done through the analysis of policy papers, government reports, academic journals, and startup ecosystem data from recognized sources like the Ministry of Commerce and Industry, Startup India portal, NITI Aayog, and well-known journals. Comparative studies are employed to explain trends in young people's startup engagement in urban and semi-urban areas. Additionally, statistical measures including the number of accredited startups, jobs created, female engagement, and student entrepreneurship levels are employed to gauge the success and inclusivity of the program. Successful startup case studies and incubation models are further examined to discern optimal practices and practical implications. The interpretation of data seeks to capture gaps in policy design and implementation and to assess the material results of the government schemes on promoting youth-driven innovation and economic development.

REVIEW OF LITERATURE

Dr. R. Jayanthi (2019): The study titled “A Study about entrepreneurship in India and its promotion under 'Startup India' Scheme. Entrepreneurship plays a significant role in the economic development of any country. Entrepreneurship acts as a pillar for the economic prosperity of a nation as it leads to generation of employment, contribution in national income, rural development, industrialization, technological development, export promotion etc. In India, various initiatives have been taken by the government from time to time for entrepreneurship development in the country. Entrepreneurship has attracted the attention of policymakers in India. A series of high-level initiatives, including Startup India, have been launched to promote private sector development. However, the role of entrepreneurship in development remains a mystery for many policy observers. The main purpose of this paper is to study about Entrepreneurship in India and its Promotion Under 'STARTUP INDIA' SCHEME. This study was done based on secondary data collected from multiple sources of evidence, in addition to books, journals, websites, and newspapers.

Sachin Gupta and Biswajit Satpathy (2022): A Study on Start-up India: A Governmental Initiative to Boost Entrepreneurship, Growth and Employment Generation of Tribal Youth of TSP Region of Southern Rajasthan". The age range of 15 to 59 accounts for more than 60% of Indians, a group dubbed as the "Demographic Dividend" in that country. India is now going through a demographic change. Before India to take advantage of this dividend, the labor market needs to be capable of producing enough jobs to effectively absorb this economically engaged population. The Indian government has put in place a number of initiatives to create jobs, such as "Skill India," which seeks to train over 40 crore people by 2022, whether through self-employment or paid work. The Indian government has introduced "Start-up India," a program intended to aid start-ups, in order to inspire young people to build their own enterprises and jobs. Young people offer a rich supply of potential employees for firms since they are frequently the driving force behind innovative concepts and technologies. In order to support the growth and development of Tribal Youth in the TSP region of Southern Rajasthan, the Indian government has created several flagship programs, including Start-up India and Make in India, Digital India, Skill India, and others. This study evaluates these programs.

Dr. Ranbir Singh (2023): "Startup India: evaluating the impact of government initiatives on entrepreneurship, innovation, and economic growth". The Indian government has implemented a range of programs and initiatives with the objective of fostering entrepreneurship and innovation. These include the Startup India program, the Fund of Funds for Startups, and the Atal Innovation Mission. The implementation of these laws has facilitated the operational processes for startups in India, streamlining regulatory procedures, and offering tax benefits and financial resources to foster their growth. This research paper provides a comprehensive analysis of the impact, challenges, and future directions of the Startup India campaign. It delves into the key objectives of the initiative, including simplification of regulations, access to funding, industry-academia partnerships, and more. The paper examines the growth of startups, innovation ecosystem, and technological advancements that have emerged as a result of Startup India. Furthermore, it highlights the challenges faced by startups and offers policy recommendations to overcome these hurdles. Drawing insights from global comparisons, the study suggests strategies to strengthen the campaign's effectiveness and create a more robust startup ecosystem. The paper concludes by reflecting on the journey of Startup India, its accomplishments, and its potential for propelling India towards becoming a global innovation powerhouse.

Nitya Dhawan¹ and Biswabhusan Behera (2022): "Entrepreneurship & start-up movement in india: the role of corporate social responsibility". In the present era of Globalization, startups are playing a very important role in the growth of the economy. Moreover, the outbreak of COVID-19 and the resultant need for innovation through medicines and vaccinations has further emphasized the importance of Startups. But startups in India face numerous challenges such as the fiscal deficit, lack of innovative ideas, lack of relevant space and infrastructure, etc. Moreover, a Start-up can't grow in isolation and requires handholding at the initial stage. This is where Incubators can hugely support Startups by providing them with the much-needed mentorship and connection to the market but the incubators lack continuous inflows of capital. Further, with the amendment of the Companies Act, 2013 and under the provision of Corporate Social Responsibility (CSR) companies are mandated to spend 2% of the net profit of the last three financial years on activities related to social welfare by Schedule VII of the Act. Thus the study aimed at exploring the significance of CSR contribution toward startups, the criteria under which funds from Corporates would come under the provision of CSR, the need for Entrepreneurship in India, and the existing Policies and provisions to support the Startups. The study concluded by mentioning that Companies' financial contributions to Startups can immensely support Startups in getting off the ground. Furthermore, collaborations between corporates and Startups can be mutually beneficial for the two. Collaborating with a Start-up that is working towards a social cause can benefit the brand image of the company and the Startups can be benefitted from the CSR funds along with the industry knowledge of large corporations.

DATA ANALYSIS AND INTERPRETATION

Government initiatives like 'Startup India' have significantly influenced youth entrepreneurship in India, fostering a dynamic ecosystem that encourages innovation and job creation. Launched in 2016, 'Startup India' has implemented various policies and support structures to transform India into a nation of job creators.

Key Statistical Insights:

- **Increase in Recognized Startups:** Since its inception, 'Startup India' has recognized over 165,926 startups nationwide as of March 2025.
- **Job Creation:** These startups have generated more than 17.69 lakh (1.77 million) direct jobs, with over 14.11 lakh jobs created between 2020 and 2024, underscoring the initiative's role in employment generation.
- **Youth Entrepreneurial Aspirations:** A 2024 survey revealed that 32.5% of Indian college students are nascent entrepreneurs, actively attempting to start their own ventures, surpassing the global average of 25.7%.
- **Long-term Entrepreneurial Intent:** The same survey indicated that 31.4% of students intend to pursue entrepreneurship within five years post-graduation, slightly above the global average of 30%.
- **University Support:** Approximately 63% of student entrepreneurs receive support from their universities, with 26% of ventures being incubated within these institutions, highlighting the collaborative efforts between academia and entrepreneurship.
- **Female Entrepreneurship:** The initiative has also bolstered female participation, with over 67,499 startups led by at least one woman, reflecting a growing inclusivity in the entrepreneurial landscape.

Interpretation of Data:

The substantial number of recognized startups and job creations points to a thriving entrepreneurial environment, largely attributed to 'Startup India's' supportive policies. The high percentage of nascent entrepreneurs among students suggests a cultural shift towards entrepreneurship, with increasing numbers of youth aspiring to establish their own businesses. The significant university support indicates effective collaboration between educational institutions and government initiatives, providing essential resources for budding entrepreneurs. Moreover, the notable presence of female-led startups reflects positive strides towards gender inclusivity in the entrepreneurial sector.

In summary, government initiatives like 'Startup India' have played a pivotal role in nurturing youth entrepreneurship, as evidenced by increasing startup numbers, job creation, and a cultural shift towards entrepreneurial careers among the youth.

Industries Leading Job Creation in Startups



Figure1: industries leading job creation in start- ups

Interpretation:

IT Services top the chart, highlighting their pivotal role in India's startup ecosystem. The sector's dominance is likely driven by the growth of digital transformation, software development, cloud computing, and AI technologies. Healthcare & Lifesciences industry's strong performance reflects increasing demand for healthcare innovation, biotech startups, and healthtech platforms, especially post-

COVID. It signifies a trend toward health-conscious entrepreneurship and improved access to care. Professional & Commercial Services includes consulting, legal, accounting, and other business services. The sector supports both startups and established companies, creating a robust demand for skilled professionals. The education sector, particularly Ed- Tech, has seen a surge in growth with remote learning and digital platforms. This figure underscores the significant impact education startups are having on job creation.

Key Insights:

- Tech and Healthcare Dominate: Together, IT and Healthcare account for over 60% of the total jobs created among the top four industries.
- Start-up Ecosystem Diversification: While tech leads, the presence of healthcare, commercial services, and education indicates a healthy diversification in the start-up job market.
- Implication for Job Seekers: Individuals looking to enter the start-up ecosystem may find the most opportunities in IT and Healthcare fields, followed closely by commercial services and Ed- Tech.

SUGGESTIONS

- Enhanced Awareness Campaigns: Increase outreach in tier-2 and tier-3 cities through youth festivals, seminars, and digital platforms to improve awareness of initiatives like Start-up India.
- Simplification of Processes: Reduce bureaucratic hurdles for start-up registration, funding applications, and tax exemptions, especially for first-time youth entrepreneurs.
- Custom Schemes for Student start-ups: Launch exclusive schemes under Start-up India focused on student-led or campus-incubated start-ups.
- Targeted Incentives for Youth Start-ups: Offer tax holidays, reduced GST rates, or credit guarantees specifically for founders under 30.
- Incentivizing Rural Youth Entrepreneurs: Encourage rural participation by offering location-based incentives and setting up rural start-up hubs.
- Integration of Entrepreneurship Curriculum: Introduce or strengthen entrepreneurship as a core subject across all streams in higher education.
- On-Campus Incubation Centres: Every university and college should have at least one incubator or innovation lab supported by Start-up India or MSME schemes.
- Mentorship & Advisory Boards: Build structured mentorship programs involving alumni entrepreneurs, industry experts, and VCs for student start-ups.
- Annual Entrepreneurship Challenges: Encourage entrepreneurship through nationwide competitions and hackathons with incubation/funding as prizes.
- Improved Access to Digital Infrastructure: Ensure all incubators and start-up hubs have reliable internet, modern co- working spaces, and access to digital tools.
- Youth-focused Start-up Portals: Create a Start-up India sub-portal specifically tailored to young founders, with simplified resources and guides.
- Youth Venture Funds: Establish seed-stage venture funds focused on start-ups by individuals under 25 or fresh graduates.
- Micro-Grant Programs: Offer micro-grants (₹50K–₹2L) to validate ideas at a prototype or MVP stage without requiring equity or collateral.
- Credit & Loan Accessibility: Partner with banks and fintechs to ease collateral-free loan access for young founders, especially those from non-metro areas.
- Periodic Surveys & Impact Reports: Conduct annual studies on the impact of Startup India on youth entrepreneurship and publish key findings for transparency.
- Feedback Mechanisms for Founders: Create open channels where startup founders can give feedback on challenges faced with government schemes.

CONCLUSION

The 'Startup India' movement has also become a change-making force behind building India's entrepreneurial landscape, especially among young people. With a mix of policy intervention, financial support, incubation clusters, and awareness campaigns, it has provided fertile ground for young entrepreneurs to walk the path of entrepreneurship not only as a career choice but as a sustainable and meaningful career. Statistical data points to this trend — with more than 165,000 known startups and a total of approximately 1.77 million employment opportunities created, it leaves little doubt about the effect on economic expansion and job creation. An increase in entrepreneurial ambitions among university students, as well as growing encouragement by academic institutions, points to cultural change toward self-propelled innovation. In addition, the increase in women-owned startups is evidence of a shift towards inclusivity and diversity within startup culture. Yet, the journey is far from over. Obstacles still lie in accessibility, awareness, and implementation, especially in rural and non-metro locations. Hence, ongoing policy optimization, ecosystem growth, and specific support to student and first-time entrepreneurs are important. Essentially, 'Startup India' has established a solid foundation, and with concerted efforts, India is poised to become one of the world's top startup destinations — driven by its youth, their imagination, and the facilitating prop of progressive government policies.

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