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From Incubators To Startups: India's Journey Towards Entrepreneurship

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Abstract: Entrepreneurship can help in economic development, enhance innovation and foster creativity which will increase nation's GDP and create employment. In India with a large number of unemployed, creating entrepreneurial eco-system will help in employment generation and reduce income inequalities.

Objectives: Author tries to explore role of business incubation centres (BICs) in fostering entrepreneurship and nurturing early-stage startups. Author also investigates role of incubators (such as mentorship, infrastructure, funding, and training) in creating entrepreneurial mindset, startup creating motivations, and innovation skills in learners.

Methodology: The study is qualitative in nature reviewing journal articles on the topic in question. The author critically analyse each empirical paper to find out trends and themes. Mostly, secondary data is used only one or two sources are primary in nature. Secondary data was used in analysing startup ecosystem, government policies, and funding mechanisms of incubators.

Discussion: The findings of the study is divided into five core themes: Role of Government, Incubators nurturing Startups, University-based Incubators, Atal Incubation Mission (AIM), Performance & Scope of Incubators. The themes are based on findings from empirical papers..

Significance: The Indian government has a mind set to promote startups through initiatives like Startup India, the Atal Innovation Mission (AIM), and the creation of Atal Incubation Centres (AICs). This study is significant in pointing out the role of incubators in producing next generation entrepreneurs.

Index Terms -Atal Innovation Mission, Atal Incubation Centre, Entrepreneurship, Business Incubators, Ecosystem, Start-ups, University.

I. INTRODUCTION

Incubation centers are crucial and being increasingly acknowledged for nurturing entrepreneurship and enhancing economic growth. Incubators can achieve milestones such as solving unemployment issues, combating regional inequalities, and boosting GDP. But they are most essential in developing entrepreneurial mindset in learners from school life, giving it shape in university laboratories resulting in self- unemployment. Having the third largest startup ecosystem across the globe, India face disparity as most incubators are concentrated in Bengaluru, Hyderabad, Mumbai, Delhi, and Chennai. The State governments in Kerala, Telangana, and Odisha, are also encouraging the establishment of startup incubators. Government has started initiatives as Startup India allowing tax exemptions, and financial support to spread entrepreneurship in rural areas, in marginalized communities and women. Another scheme Pradhan Mantri Mudra Yojana (PMMY) provides collateral-free loans to MSMEs, Standup India which helps women and SC/ST entrepreneurs, and

NIDHI programs helping with finance and mentoring. Certain financial schemes are also in place as Fund of Funds for Start-ups (FFS), providing INR 7,527.95 crore and Start-up India Seed Fund Scheme with fund of INR 477.25 crore for provision of startup funds.

Another significant venture is launched in 2016 named Atal Innovation Mission (AIM) which is a government venture to nurture innovation and entrepreneurship in educational institutions. For this purpose, several schemes such as Atal Tinkering Labs at school level, Atal Incubation Centres (AICs) at higher education level, Atal Community Innovation Centres (ACIC) in underserved regions have been established (Ministry of Information & Broadcasting, 2022). AIM provides funds upto ten crores over a period of 5 years to establish AICs. These Incubators can be located in academic institutions (university-based), non-profit development corporations, profit oriented businesses, and government-supported centres. A special mention can be made of University-based incubators in IITs which are leaders in innovation and critical thinking.

The Government of India has started the Atal Innovation Mission (AIM) under the NITI Aayog with the vision to nurture innovation and entrepreneurship from an early stage. Under this mission, the Government plans to create state-of-the-art incubation hubs across educational institutions in the nation equipped with infrastructure, expertise of sectoral experts, provision of seed capital, networking with industry partners, and providing training to individuals planning to set up startups. AIM envisions establishment of these hubs under the name of Atal Incubation Centres (AICs) which will ensure startups can grow into scalable and sustainable pursuits (Atal Innovation Mission, 2023).

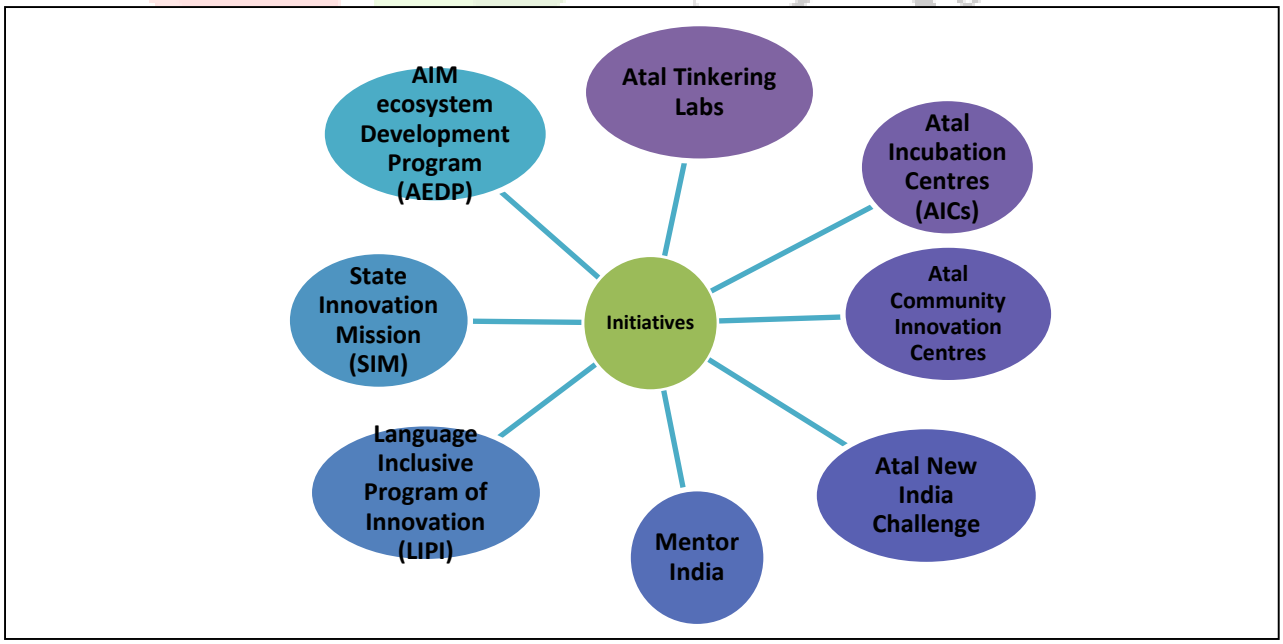
1.1 Objectives of Atal Innovation Mission (AIM)

The Atal Innovation Mission (AIM) has the following objectives (Drishtiias, 2024; Gupta, 2024):

- The aim is to promote innovation, problem solving and design-thinking skills among 21st century learners
- Promoting and nurturing startups through providing seed capital, networking, industry partnerships and expert advice
- Build up Atal Tinkering Labs and Atal Incubation Centres (AICs) in educational institutions across the nation
- Use innovation to meet social problems, unemployment issues, enhance economic growth and support Make in India initiative
- Enhance global competitiveness of India through innovation and startup

1.2 Key Initiatives

Fig 1: Initiatives under AIM



Source: (Drishtiias, 2024; Gupta, 2024)

One such initiative is Atal Incubation Centres (AICs) which are incubators providing guidance, infrastructure and financial support to start-ups. These centres work in domains like technology, healthcare, agriculture, clean energy, and manufacturing, and help start-ups in this sector to scale (Karambe, 2024). Benedict (2018) stated that startups can succeed if supported by incubators as Atal Incubation Centres (AICs) which are launched under Atal Incubation Mission (AIM) which wants to develop India as a global startup leader. Siva Prakash et al. (2024) found that Atal Incubation Centres not only help university students to set up ventures but also promote women entrepreneurship.

II. OBJECTIVES OF THIS STUDY

This study conducts a literature review on Incubation Centres or Incubators and their role in nurturing and promoting startups or innovation.

III. METHODOLOGY OF THIS STUDY

This study is qualitative in nature where author conducts review of empirical papers from journal articles. The study does not use any quantitative data or collect responses from targeted samples.

IV. DISCUSSION & FINDINGS

Past researches have been conducted on startups and entrepreneurship where the role of incubation centres is emphasized. It is believed that incubators can usher in economic growth and enhance employment by nurturing startups. The following trends emerged from review of selected articles:

4.1 *Role of Government*

Wasnik & Jain (2023) discusses the role of government funds and initiatives in nurturing and empowering startups and innovation in India. The researchers also highlight that government initiatives play catalytic role in fostering startups leading to economic growth, employment generation, and improving standards of social life. Karambe (2024) investigates accessibility and effectiveness of the Start-up India initiatives and at the same time notes that it has certain challenges, which if solved, will help to receive benefits of start-ups in economic growth of nation.

4.2 *Role of Incubators in nurturing Startups*

Schutte & Chauke (2021) conducted exploratory qualitative survey in South Africa where interview of incubators and incubatees reveal that incubators can help to ensure sustainability and scalability of small businesses with provision of safe working place inside the hub, networking opportunities with different stakeholders, training and mentoring provided by field experts. Chahal & Abhishek (2024) studies role of incubation centers in helping startups grow in an early stage by access to seed fund, recruiting manpower, networking with successful business houses. The study also focusses on importance and types of incubation centres, and how government initiatives finance such incubators.

4.3 *University-based Incubators*

Singh & Sharma (2025) investigated the significance of University-based incubators which allow students to build startups by providing mentoring, seed fund, and networking, which will also develop entrepreneurial skills, innovative venture creation, innovative skills among learners. Adhana & Alisha (2020) explores startup ecosystem in India and results show that Incubators can help startups to grow and develop. The researchers also study how government support can promote entrepreneurship culture by establishing university business incubators and providing grants to academic institutions for the same.

4.4 *Atal Incubation Mission (AIM)*

Benedict (2018) found that though many entrepreneurs launch new startups but only five to ten percentage succeed and grow, with failure rates as high as 90%. This is due to lack of emphasis on skill development programs and not focussing specific Key Performance Indicators (KPIs) regarding finance and employment. The main hurdle occurs in gaining revenue at the initial stage where incubation centres can support them. Atal Incubation Mission (AIM) is the government initiative which envisions specialized world class incubation centers promoting startups and is the theme of this research. Siva Prakash et al. (2024) investigated whether Atal Incubation Centres help in promoting women entrepreneurship, the initiatives undertaken, determining factors, and challenges faced. Women entrepreneurship is enhanced through networking opportunities (92%), training (88%), and mentorship (85%). The women entrepreneurs still have hurdles as finance, networking, work life balance and mentorship issues.

4.5 *Performance & Scope of Incubators*

Patowary & Bora (2025) found that economy can progress through entrepreneurship and incubators can help these startups with assistance and expertise. This study conducted in Assam revealed incubatees showed enhanced performance with an increase in startups. Another study in Karnataka showed 125 incubation centers established in Educational and Non educational institutions working in sectors such as Agriculture, Information and Technology, food processing (Chalawadi & Hiremath, 2025). Incubators provide assistance in the form of physical co-working spaces (below-market rates), infrastructure facilities as labs and workshops, mentorship, expert advice, networking opportunities, and funds. Incubatees also receive consultancy on administration, training to facilitate skill development, and taught marketing strategy.

V. CONCLUSION

Investment on Incubators is visible in the ascent of India in Global Innovation Index rankings (from 81st to 40th in eight years) because government funded incubators nurture startup ecosystem. Incubators are crucial specially for underdeveloped regions and marginalized entrepreneurs by providing tailored programs, mentorship, and resources. From providing office space, infrastructural facilities, financial support, marketing and networking, incubators can be the support which first-time entrepreneurs need. With this support, the startups can succeed and scale. Incubators play crucial role for nurturing startups, enhancing employment opportunities and boosting economic development. Governement initiatives in this regard need to be more specific as targeted financial incentives and grants, partnerships with private enterprises, gender-specific entrepreneurship mentoring, and allowing women in decision-making bodies. Bureaucratic hurdles in incubators should be reduced and continuous evaluation of their performance, their strengths and weaknesses, will lead India on the path of global leadership in innovation and economic dynamism.

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