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# The Startup and Innovation Revolution: A Decade That Changed India's Economic DNA

***For the first time, the Government of India said, formally and specifically, that it recognised entrepreneurship as a vocation worthy of support. That young people who chose to build deserved the same institutional attention as those who chose to study or those who chose to serve. That India needed job creators as much as it needed job seekers.***

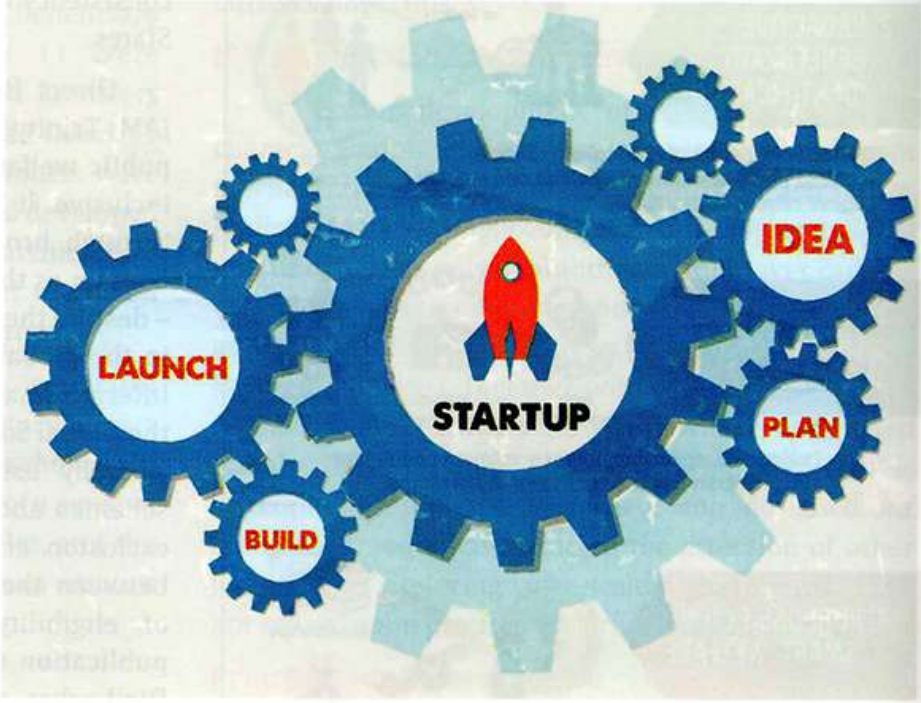
There is a particular kind of courage that does not make headlines. It is not the courage of a soldier or a diplomat. It is quieter than that. It is the courage of a young woman in her mid-twenties from a district town in Tamil Nadu who looks at her savings, looks at a problem no one around her has solved, and decides to try. It is the courage of a college student in Jharkhand who walks out of an engineering campus not because he failed, but because he had an idea he could not ignore. It is the courage, repeated two lakh times, of ordinary Indians who chose to build something rather than wait for something to be built for them.

This is what Startup India looks like from the inside. It is neither a policy document nor a press release. A decision made by a person, usually young, often from somewhere unexpected, to attempt something that had not been attempted before.

## The Moment it Began

When the Startup India Initiative was launched on 16 January 2016, India had fewer than 400 recognised startups. The country's graduate pipeline was still largely oriented toward government jobs, large corporations, or emigration. Institutional support for a first-generation founder building something from nothing, without family wealth, without metropolitan access, without a network of investors, was thin at best and absent at worst.

What changed on that January morning was not the talent. The talent was always there. What changed was the signal. For the first time, the Government of India said, formally and specifically, that it recognised entrepreneurship as a vocation worthy of support.

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That young people who chose to build deserved the same institutional attention as those who chose to study or those who chose to serve. That India needed job creators as much as it needed job seekers.

The 19-point Action Plan that accompanied the launch was not aspirational language; it was a programme with named instruments, assigned ministries, and measurable targets. A Fund of Funds to catalyse venture capital. A three-year income tax exemption. Fast-tracked patent examination. Relaxed public procurement norms. Self-certification under labour laws. Specific, deliverable, accountable.

What followed was a decade of consistent delivery against those commitments and, in many cases, delivery that substantially exceeded the original targets.

## The Numbers, and What They Contain

A decade later, India hosts more than 2.26 lakh DPIIT (Department for Promotion of Industry and Internal Trade)-recognised startups spanning 56 industry sectors and over 700 districts. In FY 2025-26 alone, more than 55,200 new startups received recognition, the highest single-year addition in the initiative's history, marking a 51.6% jump year-on-year. Together, these startups have created over 23.36 lakh direct jobs, with a 36.1% year-on-year increase in employment in FY26 alone. More than 19,400 patent applications have been filed by startups, signalling a deeper engagement with research-led innovation. India now stands as the third-largest startup ecosystem in the world.

These are large numbers. But what matters more is what they contain.

Nearly 48% of all DPIIT-recognised startups, more than 1.10 lakh enterprises, have at least one woman director or partner. Women-led startups are growing faster than the overall ecosystem average. In Tamil Nadu, half of the state's 12,000-plus startups are led by women. Within the *Udyam* universe of registered MSMEs, 3.07 crore of the 8.75 crore enterprises are women-led. These are not numbers about a programme; they are numbers about a shift in who believes they have the right to build.

More than 52% of DPIIT-recognised startups now originate from Tier-2 and Tier-3 cities. Jaipur, Coimbatore, Bhubaneswar, Indore, Lucknow, and Surat, the cities that had no meaningful startup presence a decade ago, today host registered


enterprises, active incubators, and founders building for national and global markets. A Union Territory like Jammu and Kashmir is also growing and supporting the startup ecosystem. Every one of India's 700-plus districts has at least one registered startup. 32 out of 36 States/UT have their own startup policy to support the ecosystem.

This geographic spread is what makes the story real. A startup ecosystem concentrated in three cities is not an ecosystem; it is a cluster. What Startup India has built is beginning to look like an ecosystem in the true sense: distributed, diverse, and self-reinforcing.

## The Infrastructure that Made it Possible

None of this happened because talent suddenly appeared in Tier-2 cities or women suddenly became more entrepreneurial. The talent and the


ambition were always there. What changed was the infrastructure that enabled them to act.

The Fund of Funds for Startups has committed over Rs 7,000 crore to more than 135 Alternative Investment Funds, which have collectively invested over Rs 26,900 crore across more than 1,420 startups. Fund of Funds 2.0, with a fresh Rs 10,000 crore corpus, now specifically targets deep tech, manufacturing, and startups from Tier-2 and Tier-3 cities. The Angel Tax, which had created uncertainty over early-stage investment for over a decade, was abolished entirely in 2024. The Startup India Seed Fund Scheme has approved over Rs 592 crore to early-stage startups through incubators.

Together, these instruments create something that no single policy can: a culture. A shared sense that building is a legitimate choice, that failure is not a disgrace, and that the ecosystem will support those who try.

## India and the World : Where this Is Headed

India's startup ecosystem does not exist in isolation. It competes, collaborates, and increasingly leads on the global stage.

Today, India is the third-largest startup ecosystem in the world, with over 6.6 lakh enterprises and more than 120 unicorns collectively valued at over USD 350 billion. The United States counts approximately 1.56 million startups, while the global total exceeds 150 million enterprises. India is closing the gap not by imitating what others have built, but by solving problems that are uniquely its own and finding, repeatedly, that the solutions travel.

UPI was built in India, for India. Today, it is being adopted across Southeast Asia and Africa as a payment infrastructure standard. The same pattern, build for a uniquely Indian challenge, scale it so well that the world wants it, is now being replicated in healthcare, agricultural technology, logistics, and financial services. India's expanding network of Free Trade Agreements is opening new export corridors for startups. Meanwhile, the digital public infrastructure being built for trade, the Unified Logistics Interface Platform, GST-linked systems, and AI-enabled logistics is simultaneously creating new markets for startups to serve.

Private equity and venture capital investment continues to flow across all stages of the ecosystem. In the first half of 2026, late-stage companies attracted USD 4.2 billion, growth-stage companies USD 3.4 billion, and early-stage ventures USD 1.9 billion. The distribution across stages is itself a sign of maturity: capital is no longer concentrated only at the seed end, but is present across the full lifecycle of enterprise growth.

What the next decade of Startup India must build on is this foundation, and push further into the territory of invention rather than optimisation alone. The challenges India faces over the next 25 years in clean energy, water security, food production, and healthcare are not problems that can be solved by making existing processes slightly more efficient. They require new science, new methods, and genuinely new knowledge.

The ecosystem that a decade of policy has built is ready for that challenge. The question is whether our ambition is ready to match it.

The revised definition of startups now includes cooperatives and carries a turnover threshold of Rs 200 crore, broadening the tent significantly. Deep-tech startups receive recognition for up to 20 years, with a turnover threshold of Rs 300 crore, acknowledging the longer gestation inherent to science-led innovation. Nearly 40,000 startups have been onboarded on the Government e-Marketplace, participating directly in public procurement. BHASKAR, the Bharat Startup Knowledge Access Registry, has crossed 7.47 lakh registered users, connecting founders with investors, mentors, and institutional support through a single digital interface.

India now has over 1,000 incubators and accelerators, 1,735 Securities and Exchange Board of India (SEBI)-registered Alternative Investment Funds, and an Atal Tinkering Lab network of more than 10,000 labs across 733 districts, engaging over 1.1 crore students. Coworking spaces, once confined to metropolitan centres, are now available in cities of all sizes.

But infrastructure only works if people know it exists, and this is where the next part of the story begins.

## Taking the Ecosystem to Every District

For a first-generation founder in a district town, knowing that DPIIT recognition is free, that tax benefits are available, and that seed funding is accessible changes everything. It transforms an idea from a private hope into a publicly supported possibility. But that knowledge does not travel on its own.

The TEJAS (Transforming Entrepreneurial Journeys Across State & Districts) Initiative, Startup India's district-level sensitisation programme, was built on this understanding. Operating across more than 130 districts in approximately 27 states and UT's, TEJAS conducts workshops, orientation sessions, and outreach programmes that carry the language and opportunity of entrepreneurship directly to communities encountering it for the first time. It reaches women entrepreneurs, young graduates, artisans, and farmers, the people for whom the startup ecosystem was, until recently, an abstraction that belonged to someone else.

What TEJAS does is not complicated. It tells people that the door is open, that the support exists, that they are not excluded. And in doing so, it converts awareness into aspiration and aspiration into action.

Alongside TEJAS, the State Startup Ranking Framework (SRF), having completed its fifth edition, creates competitive accountability among state governments, evaluating all states and union territories across institutional support, infrastructure, funding, market access, capacity building, and innovation. 32 states and union territories now have operational startup policies. Gujarat has topped the SRF for five consecutive years, with Karnataka leading in the latest edition. Uttar Pradesh jumped a full tier in the latest edition. Karnataka has committed Rs 518 crore to its startup policy, the largest state-level startup budget in the country's history.

The National Startup Awards celebrate founders across 20 categories, spanning every sector and every geography.

## A Generation that Chose to Build

At 80 years of independence, India is a country where a teenager from a small town in Odisha can build a hospitality company operating in 80 countries. Where a woman founder in Tamil Nadu can be the first in her family to run a business. Where a group of students can leave university to solve a logistics problem and be valued in the billions within five years. Where a farmer in Rajasthan can register on *Udyam* and access government schemes for the first time in his family's history.

None of this was inevitable. It was built by policy, by institutions, by state governments competing to attract entrepreneurs, by incubators in IITs and district towns, by investors who backed founders no one else would, and by the founders themselves, who chose to build when safer paths were available.

India's demographic advantage, approximately 375 million people aged 28 or younger, is not a guarantee of prosperity. It is a possibility. Whether it is realised depends on whether the systems, incentives, and infrastructure exist to convert the energy of young people into productive enterprise.

Startup India has shown, over its first decade, that the answer to that question can be yes. The spark was lit in 2016. It has not gone out.

The question now is not whether young India can build. We know it can.

The question is what it chooses to build and whether it is given the tools to build it well. ❑


*The 36th National Youth Parliament Competition for Kendriya Vidyalayas (2025-26), held in New Delhi on 25 June 2026, celebrating youth participation, democratic values, and active citizenship as the foundation of an empowered India.*


भारत सरकार
Government of India
संसदीय कार्य मंत्रालय
Ministry of Parliamentary Affairs
36वीं राष्ट्रीय युवा संसद प्रतियोगिता, 2025-26
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