



Original Article

Startups in India and Its Role in Creation of Employment Opportunities

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Abstract

As per Periodic Labour Force Survey (PLFS) 2024-25 report, the unemployment rate in India in 2025 is 4.9 per cent. Unemployment is a very serious issue to be addressed in India. Startups with its massive presence in Indian economy can solve this issue to certain extent. As of 30th June 2025, with more than Department for Promotion of Industry and Internal Trade (DPIIT) recognised 1,80,683 startups, India, has firmly recognized itself globally as the third-largest startup ecosystem. This massive and energetic ecosystem, driven by over 100 unicorns, continues its journey of redefining innovation and entrepreneurship at global level. As from the reports, recognised startups have generated over 16.6 lakh direct jobs from 2016 to October 31, 2024, considerably leading to employment creation. According to reports from Invest India, it is estimated the startup ecosystem of India could create above 20 million direct and indirect jobs by 2030. This paper tries to present the role played by startups in creation of employment opportunities in India.

Keywords: Creation, Employment, India, Role, Startups

Introduction

On January 16, 2025, India celebrates nine years of Startup India, a journey of transformation that began on 16th January, 2016. Startup India has launched as a flagship initiative of the Government of India. This initiative targeted to foster innovation and speed up the increase in the number of startups across the country. As of 30th June 2025, with more than Department for Promotion of Industry and Internal Trade (DPIIT) recognised 1,80,683 startups, India, has firmly recognized itself globally as the third-largest startup ecosystem. Out of these 87,285 have at least one-woman director or partner, This massive and energetic ecosystem, driven by over 100 unicorns, continues its journey of redefining innovation and entrepreneurship at global level. The major centres behind this transformation are Bengaluru, Hyderabad, Mumbai, and Delhi-NCR, though smaller cities have increasingly made their contribution to India's entrepreneurial drive. Startups in areas of fintech, edtech, health-tech, and e-commerce have overcome many challenges at regional level and got recognition at global level. Businesses such as Zomato, Nykaa, and Ola displayed nation's move from job seekers to job creators.

Startups

The term startup denotes a company in the initial stages of its operations. Startups are, generally, founded by one or more entrepreneurs. These entrepreneurs wish to develop such a product or service which they consider there is good demand and bring it to market. The initial funding of these startups begin with their founders or their friends and families. Most of these Startups generally start with high costs and limited revenue. The first few years of Startups are very crucial as many startups fail within this initial period. Many of today's most successful and reputed companies, such as Microsoft (MSFT), Ford Motors, McDonald's Apple (AAPL) and Facebook (FB), have started their journey as startups but ultimately became publicly-traded companies. There is a big jump in the number of startups in India. They grow exponentially day after day. Now, India has the third largest number of start-up in the world. This not only influence the socio-economics of existing start-ups but also produces a large number of opportunities for upcoming start-ups.

An entity shall be treated as a startup if all the following conditions are satisfied: (only for the purpose of Government schemes)

a. If it is incorporated or registered as any of the followings:

- Private Limited Company, according to Companies Act, 2013.
- Partnership Firm as registered under Partnership Act, 1932.
- Limited Liability Partnership as registered under Limited Liability Partnership Act, 2008.
- One Person Company, according to Companies Act, 2013.

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Provided that such entity is not formed by splitting up or reconstruction of a business already in existence.

b. It has not completed ten years since incorporation or registration as above.

c. Its turnover shall not exceed INR 100 Crore in any of the financial years.

d. It satisfies any of the following conditions:

i) It should work towards:

Innovation of new products or new processes or new services or

Development of new products or new processes or new services or

Improvement of existing products or processes or services.

ii) It should be such a business model which is scalable with a high potential of:

Employment generation or Wealth creation.

Objectives of the study

1. To study the advantages of Startups.

2. To study the role of startups in employment creation in India.

Research Methodology

The present study is based chiefly on the secondary sources of data which is collected from different websites connecting to Startups, Startup India Initiative and employment creation by startups.

Hypothesis Development

On January 16, 2025, India celebrates nine years of Startup India, a journey of transformation that began on 16th January, 2016. Startup India has launched as a flagship initiative of the Government of India. This initiative aimed to foster innovation and catalyse the growth of startups across the country. As from the reports, recognised startups have generated over 16.6 lakh direct jobs from 2016 to October 31, 2024, considerably leading to employment creation. According to reports from Invest India, it is estimated the startup ecosystem of India could create above 20 million direct and indirect jobs by 2030. Therefore, it could possibly be hypothesized that:

H0: Startups in India has no significant role in creation of employment.

H1: Startups in India has significant role in creation of employment.

Startup India

Startup India is an initiative which is unveiled by Prime Minister Narendra Modi on 16th January, 2016. This program was planned to build a strong eco-system for fostering innovation and Startups in the country that will determine sustainable economic growth and create large scale employment opportunities. In an effort to bring Startups to the forefront of India's growth story, Startup India campaign has earned a worldwide support. It allows entrepreneurs an opportunity to concentrate on their core business by not wasting time in time-delaying regulatory compliances and at the same time, empowering them with a strong eco-system to support their creativity and growth.

Advantages of Startups

1. Can be adjusted in disrupting technologies and fluctuations
2. Though small in size and less organized, Start-ups are also innovative and always improve their business models, practices, and portfolio. This facilitate them to adjust to disrupting expertise and fluctuations in market situations.
3. Efficient, cost-effective and competitive
4. Generally, established companies have high administrative costs. But, Startups ready to provide their facilities in a more effective, cost-reduction and competitive way. As they know their limits, they emphasize on their basic strengths. This helps startups to deal with other small enterprises.
5. Collective Culture of employees
6. The workers of big enterprises get fascinated by status and fatty remuneration. They simply lost their presence from the enterprise's vision, mission and principles, and the achievement of its clients. However, the employees of Startups practise an interdependent team that links passion, beliefs, and values. These employees must work collectively to company grow, to satisfy its customers and the world at large.
7. Personal experience with customers
8. The employees of large scale enterprises may not have personal relations with the customers. Usually, Startups deliver their products and services in a small scale. They have personal touch with their customers. This makes a unique individual practice for their clients. Startups also devote time for studying and understanding their clients' commercial necessities. This gives them opportunity to form permanent relations with their customers by definite contributions and approachable solutions.
9. Adaptability of startup personnel
10. Startup employees are efficient in multitask activities. The sales persons are also competent enough as superior. This promotes continuation in relation with customers and allows startups to act in response to emergency. Most of the startups assist learning systems and possess a high level of tolerance for errors. Both aspects enrich the adaptability of startup personnel.
11. More Flexible in business operations
12. Many Organizations require special needs and demands for products and services. These needs may not be satisfied by reputed service providers who operate in a stiff way. The startups are very suitable in such situations. They are very flexible in their business operations. Besides, they are more likely to work at the time, the location and in the mode that matches all organizations.
13. Provide employment
14. At present, unemployment is the biggest problem in many countries. Startups can provide more jobs than large organizations. As startups are at liberty from economic depressions and free from obstacles, they can able to provide more jobs.
15. Offer scope for talented professionals
16. There are so many talented professionals in India but there is less scope for showing their talent. Startups search for people with talent and provide them a platform to show their quality.
17. The new technology that cut off production cost

18. Technological advances improve operations to a considerable extent and lower the cost of doing business. Startups, for its operations, hunt for new technology or create new technology. This simplifies the workload. When the Startups utilize new technologies, many multinational companies show interest to invest in these Startups.

Role of Startups in Employment Creation in India

Major factors behind catalysing job creation in startups

The Government of India has started different schemes like Startup India, Aatmanirbhar Bharat, Make in India, Digital India, and Viksit Bharat. Recently, the Government is implementing various specific schemes or programmes which are assisting women-led startups and stimulating inclusive entrepreneurship. In order to facilitate cross-border collaboration between Indian startups and global participants, the Government has started several initiatives for international agreements. These include introducing flagship events like Startup Mahakumbh and Global Venture Capital Summits to bring together startups with investors, incubators, and other stakeholders. Credit guarantees and alternative financing models have been launched to help startups in accessing non-equity capital. Credit Guarantee Scheme for Startups (CGSS) has been implemented to facilitate collateral free debt funding to startups. Startup India portal, a comprehensive portal has been launched to stay up to date on policies, regulations, and access different initiatives, and Schemes. Bharat Startup Knowledge Access Registry, inaugurated in September 2024, a digital platform unites startups, investors, and mentors, increasing association and progress. The initiative plays a significant role in enabling other than metro cities to associate with the entrepreneurship network. Besides, Venture Capital Funding provides highest investments in fintech, Artificial Intelligence, and SaaS startups. It provides seed capital to finance innovations even in pre – start up stage. Thus, Indian startups are becoming international, creating new job avenues. India, with the world's largest youth population going ready for innovation. According to reports from Invest India, it is estimated the startup ecosystem of India could create above 20 million direct and indirect jobs by 2030.

Main industries offering employment opportunities in the Startup Ecosystem

India's startup ecosystem involves diverse industries, each creating job opportunities:

Fintech – Digital banking, payments, and crypto startups.

Healthtech – Telemedicine, AI-driven diagnostics, wearable tech.

Edtech – Online learning, skill development platforms.

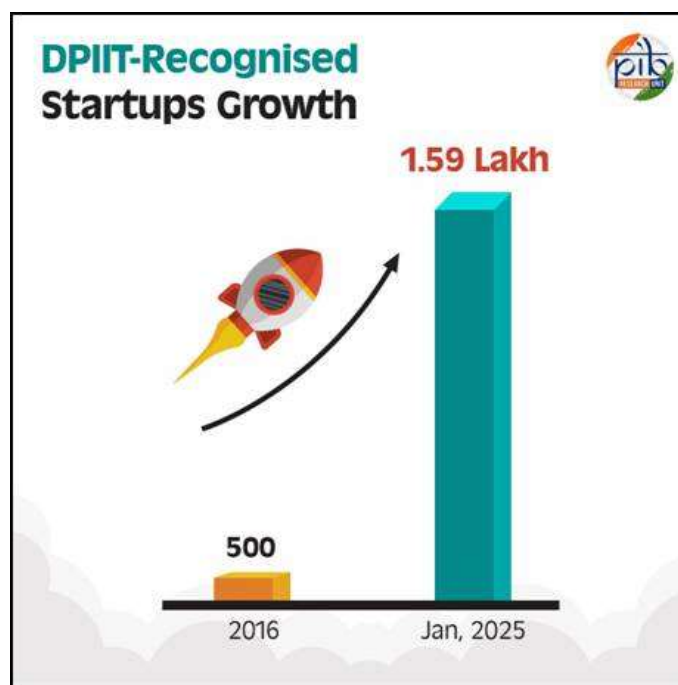
E-commerce & D2C Brands – Fashion, lifestyle, and consumer goods.

SaaS & AI – Cloud-based enterprise solutions.

Agritech – Smart farming, supply chain management.

CleanTech & EVs – Green energy and electric mobility.

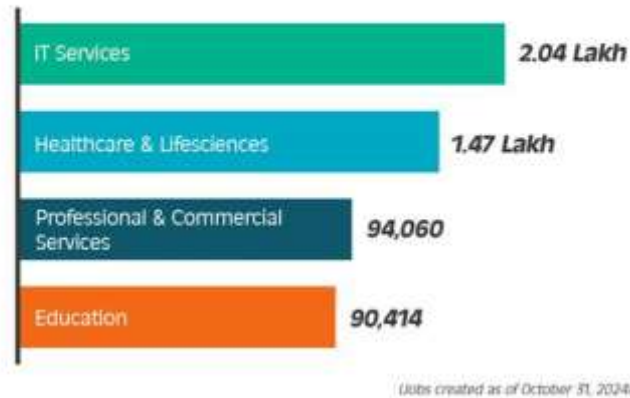
Gaming & Web3 – NFTs, metaverse, and online gaming startups.



Industry-wise Jobs Created by Startups

From five per cent of the previous year, 2024, the rate of unemployment in India, has reduced slightly to 4.9 per cent in 2025. National Statistics Office has supplied this data on the basis of report given by Periodic Labour Force Survey (PLFS) 2024-25. As a whole, this rate seems to be low but hides disparities among rural and urban people. Startups have established a significant capacity for job creation. As per report by NASSCOM, Indian startups created an estimate of over 60,000 direct jobs in 2022 alone. Besides, the multiplier effect of startups on indirect employment is significant, with assessments signifying that for every direct job, startups create three to four indirect jobs in ancillary sectors. As of October 31, 2024, over 16.6 lakh direct jobs were created by DPIIT-recognised startups across various sectors. This has contributed much to employment generation in the country. The Information & Technology Services industry is at the top with 2.04 lakh jobs. Subsequent position is occupied by Healthcare & Lifesciences with 1.47 lakh jobs. Professional and Commercial Services sector, and Education sector are in the next positions with around 94,060 jobs and 90,414 jobs respectively. These figures show the role of startups in and generating various employment openings among different industries and thus drives economic growth.

Industries Leading Job Creation in Startups



Total Number of Jobs created by the start-ups during last five years

Number of Direct and Indirect jobs created

Year	Number of startups	Number of jobs created by the startups
2020	14,852	118,816
2021	20,282	162,256
2022	26,596	212,768
2023	34,842	278,736
2024	41,833	334,664

The above table shows increase in the number of startups and the subsequent number of direct and indirect jobs created by startups during the last five years from 2020 to 2024. During this period, there has been a strong, significant positive relation between start-up growth and job creation in India.

Findings and suggestions

1. India stands at a critical turn where a youthful energetic population, technological advancement, and entrepreneurial spirit are converged. This situation can be leveraged to solve its employment challenges. Startups, with their robust mechanism, proven capability to create jobs and drive innovation, are fundamental to this strategy.
2. By strengthening support for startups through directed government interventions in funding, infrastructure development, regulatory ease, skill enhancement, and market access, India can not only fulfil its job needs but also create itself as a global leader in innovation and economic growth.
3. A concerted effort to assist startups will yield dividends in the shape of sustainable job creation and a resilient economic system capable of resisting future challenges.
4. The government's proactive commitment with the startup ecosystem is not just a policy matter but a necessity for prosperous future of India.
5. Government support in the form of bilateral trade agreements, export incentive measures, and international marketing assistance can help startups multiply globally, creating more jobs domestically.
6. Building robust startup centres across the country can offer startups with essential resources which may help to create employment opportunities. The success of Bengaluru and Hyderabad as startup hubs can be cited in this regard.
7. Initiatives like Skill India and association with educational institutions to nurture entrepreneurship from a young age can prepare a workforce needed to meet the demands of a dynamic startup ecosystem.

Conclusion

During the past nine years, the role played by Startup India initiative is crucial role in determining a vibrant entrepreneurial ecosystem in India. The country has witnessed an outstanding transformation in its entrepreneurial landscape. India marches its voyage to become a forerunner, at global level, in innovation. Being a significant player of speeding up economy, Startup India program thus promotes employment creation in the nation. Indian startups are progressively growing into international level units producing business products, and offering solutions for the global market. The Government gives much support to the startups. This reveals how important startups are in the Indian economy. India should become self-sufficient in educational, technological and medical fields, among others. For this, startups are indispensable. To achieve this objective, several schemes for start-ups have been started and implemented by governments. Besides, in order to facilitate the business environment for startups, the government has also announced several policies. Studies highlight that India is in need of more than 100 million jobs a year and start ups, though small companies, play a significant role in providing jobs in the country. Hence H1 (Startups in India has significant role in creation of employment) is proved and accepted and H0 (Startups in India has no significant role in creation of employment) is rejected.

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Conflicts of interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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