



## A Study on Start-Ups in the Generation of Employment in India

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### Abstract

Generating employment is at the heart of India's economic and social advancement. The rise of start-ups in the past few years has been a major factor in creating jobs, innovations, and achieving the goal of inclusive growth. Targeted government support has overhauled India's commercial landscape, establishing the country as the third-largest incubator for innovation in the world. This study analyses the contribution of start-ups in the creation of jobs. Based on secondary research of government and institutional reports from 2015 to 2025, this paper discusses the growth of the start-up ecosystem and calls for integrating skill-oriented pedagogy to equip the youth for entrepreneurial engagement. The findings indicate that start-ups have generated over 1.6 million direct jobs across sectors, with significant employment growth in Information Technology, Financial Technology, Education Technology, healthcare, and rural enterprise initiatives, highlighting their pivotal role in bridging the employment gap and driving inclusive economic development.

**Keywords:** Start-ups, Job Creation, Entrepreneurship, Skill-based Learning, National Education Policy (NEP) 2020, Innovation, Vocational Training.

### Introduction

The health of the Indian economy and the fairness of its society depend heavily on its ability to put people to work. With a booming population of young workers, the country faces a critical mission to transform that human potential into actual, high-quality job opportunities. The start-up phenomenon, which is supported by up-to-date government policies like Start-up India, Atmanirbhar Bharat, and Make in India, has been the main driver of employment through innovation.

Startups serve as central nodes for discovery, reshaping the world by injecting original technology and proprietary ideas into the economy. By creating multifaceted employment and driving regional investment, they fortify metropolitan resilience, a phenomenon best illustrated by Bangalore's dramatic transformation into a global tech hub. Besides that, a policy like the NEP 2020 is also there to support this kind of entrepreneurial growth by focusing on creativity, critical thinking, and innovation in the learners.

### Need of the Study

- a) To analyse the role of start-ups in generating employment in India.
- b) To investigate the possibility of skill-based and vocational training implementation in the school curriculum for the promotion of entrepreneurial growth and the creation of start-up ecosystem.

### Review of Literature:

According to the literature, an indication is given of the positive impact of start-ups on economic development through a correlated increase in entrepreneurial activity and resultant improvement in GDP growth. Fresh business ventures act as catalysts for growth. They shake up the status quo with new



inventions, which ultimately makes the broader economy more efficient and much harder to beat (Acs et al., 2009).

Records from a MyGov piece reveal that India's startup count soared to above 60,000 from under 500 within five years, spanning 55 unique fields. By 2021, patent approvals hit 28,000 versus 4,000 during 2013-14, and trademark filings reached 2.5 lakh in 2020-21 against 70,000 previously. As of July 2021, the DPIIT officially acknowledged 52,732 homegrown new ventures.

Despite the pandemic causing widespread unemployment, new ventures stayed a vital lifeline, while state support through the "Vocal for Local" campaign offered essential momentum. This initiative galvanized young workers, instilling the confidence to pursue any viable role because they felt secure knowing the Startup India framework existed to guide their journey through that difficult period

Lately, the national mindset has pivoted dramatically toward building businesses. Traditionally, Indian workers pursued secure civil service roles or jobs at established corporations. However, a new trend toward self-employment has surfaced, fueled by the rise of high-achieving ventures and robust state assistance. This transition highlights a fundamental change in how the modern workforce perceives professional success and risk. (Baluku, et al. 2016)

In the startup ecosystem in India, there are different sectors that exhibit diverse scopes for job creation. Although information technology and software have traditionally been the frontrunners in terms of employment, there are emerging trends in fintech, edtech, healthtech, and digital commerce that show great potential for significant employment generation. In line with a study by KPMG in 2021, the finance subsector is anticipated to generate over 1.5 million jobs by 2025. Moreover, due to the necessity for online learning brought about by the coronavirus outbreak, there is a recruitment surge in the sector of educational technology.

It is now imperative to have support centers like *incubators and accelerators*, and development initiatives that play an important role in the development of new firms. Support centers provide invaluable support services to start-ups in terms of mentoring, business links, and even capital. According to the findings by Ghosh and Roy (2020), businesses that engage with the initiatives have better durability and high chances of success. The centres give importance to nurturing leadership capabilities and efficiency, which can ensure the success and growth of the businesses for years to come. Their contribution towards ensuring the conducive environment cannot be undermined since they help convert ideas into products, thus increasing the need for labour.

According to DPIIT (2020), over 41,000 businesses were recognized as part of the 2016 Startup India initiative until late 2020, creating more than 470,000 jobs. The role of government intervention cannot be understated since it helps remove red tape and provides financial assistance to new businesses, which can then grow and offer employment opportunities.

### **Methodology:**

The study uses secondary data gathered from various sources, which include government reports such as those from DPIIT, NITI Aayog, and the Economic Survey.

Additionally, academic research journals and databases have been consulted to provide a solid foundation for the analysis.



Industry publications, including insights from KPMG and the World Economic Forum, contribute valuable perspectives on the subject matter.

Media sources like The Economic Times, India Today, and the Times of India have also been referenced to ensure a comprehensive understanding of the current landscape.

The analysis covers a time frame from 2015 to 2025.

### **Results and Discussion:**

In the past few years, since 2015, the government has tried its best to encourage new business ventures, which has led to many job creation opportunities. According to Niti Aayog (2018), this move has been aimed at helping more individuals set up their own enterprises rather than seeking jobs. As a majority of people in India – around 65% – fall below the age bracket of 35, and considering the hundreds of schools and colleges present throughout the country, it becomes easy to understand how many youths are waiting to join the workforce.

India consists of over 600,000 villages. It is essential to establish both physical and electronic networks in order to progress such areas in India. India needs modern cities along with several advanced cities in order to act as bustling centres of professional help, innovation, and employment. Smart utility management, transportation, energy systems, and housing projects provide huge areas for innovations and startups and have the ability to attract huge manpower. (IBEF, 2023)

The local knowledge is greatly needed by all multinational companies across the globe. Self-Reliant India has channelized this high-level creativity within India in order to manufacture products and services to meet the needs of the domestic market at the level of international standards. (IBEF, 2023)

After the launch of Startup India in 2016, the country has seen an eruption of entrepreneurship leading to a significant impact on jobs creation. The information technology sector holds the top position in providing jobs by employing 204,119 professionals through technology-based companies. Although the healthcare sector stands close to the top with 147,693 vacancies, there has been a remarkable rise in job openings in the education sector with 90,414 vacancies. (Business Today, 2024).

Start-ups emerging in the field of agriculture and construction through new age technologies and smart practices and are generating thousands of jobs in rural India. This addresses the problem of employment crisis at the grassroot level. With the rapid advancement of digital payments and internet banking, Financial Technology start-ups (FinTech) have created substantial employment opportunities. (Business Today, 2024)

Start-ups are making immense contributions to India's GDP and employment landscape. Boasting more than 80,000 start-ups and over 100 unicorns, the ecosystem has emerged as an integral part of the national economy. Such huge venture capital funding of \$36 billion in 2021 underlines investors' confidence in the country's start-up potential. A staggering 1.6 million jobs created, the number itself speaks volumes about the impact startups have created so far in the job market by providing diversified opportunities across industries. The surge in job creation also contributes to reducing unemployment and boosting India's economic recovery, especially for young graduates and skilled professionals.

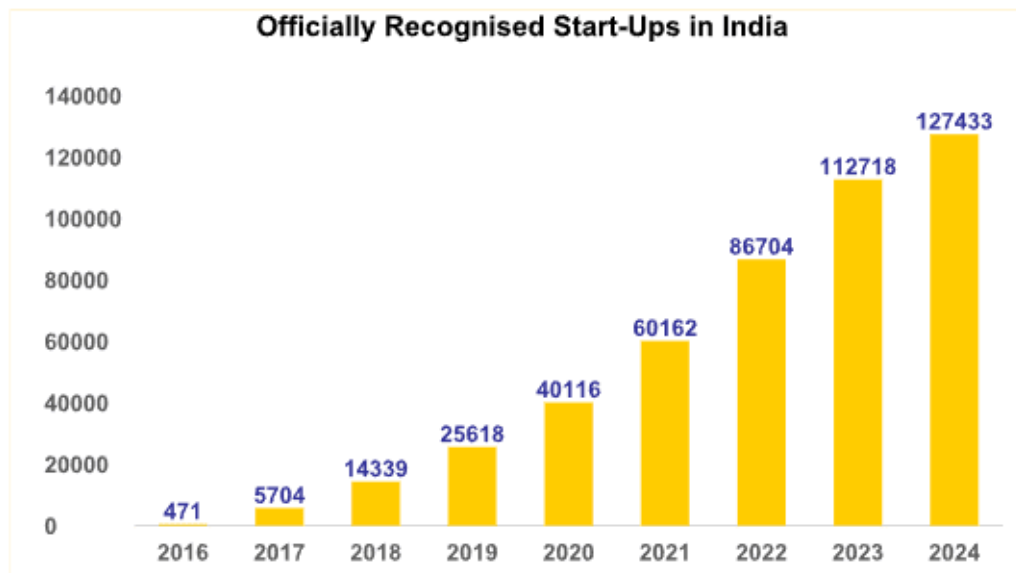
According to the **Economic Survey (2024-2025)**, India's startup ecosystem is the world's third-largest, with over 157,000 DPIIT-recognized startups as of December 2024, creating over 1.7 million jobs directly and driving job creation more effectively than large enterprises in the same industries. The IT Services sector has



created the most jobs, followed by Healthcare & Lifesciences and Professional & Commercial Services. The survey also highlights a significant rise in youth employment in the organized sector and the increasing role of women entrepreneurs, with nearly half of recognized startups having at least one woman director.

According to **DPIIT's report titled: "PRABHAAV"**, Since its launch in 2016, the Startup India initiative has changed the country's entrepreneurial landscape. The number of recognized startups has jumped from around 500 in 2016 to 1.59 lakh by January 2025. This growth makes India the third-largest startup hub in the world. It has not only spurred innovation but also created many job opportunities. Between 2016 and October 2024, startups across the nation generated over 16.6 lakh direct jobs, showing how important the sector is to the economy. Among these jobs, IT services have become the largest employer with over 2 lakh positions. Healthcare, professional and commercial services, and education also play significant roles, showcasing the diversity and strength of India's startup ecosystem.

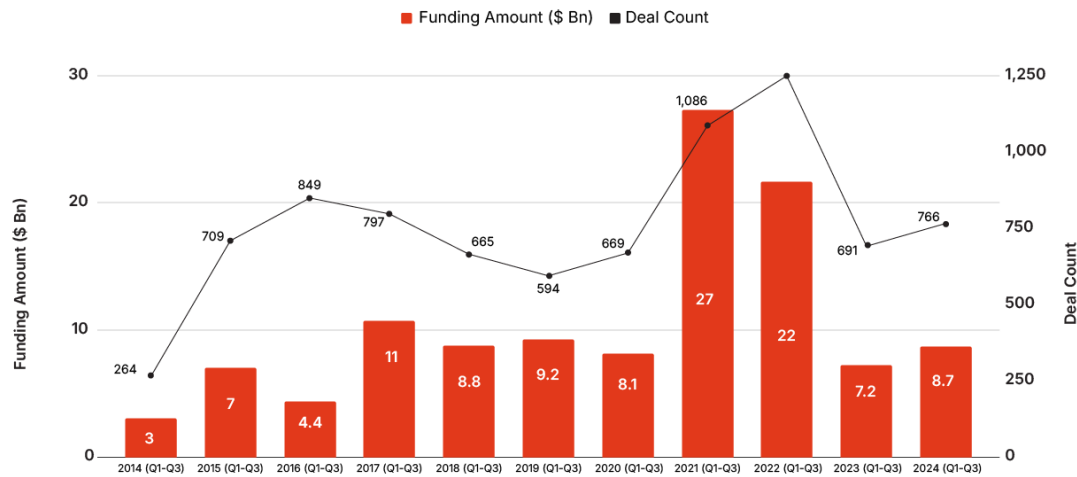
**Figure 1:** Number of officially recognised start-ups in India (2016- 2024)



Source: Statista, Dept of Promotion of Industry and Internal Trade (DPIIT)

Source: Statista

**Figure 2:** Increase in investments and funding in Indian Startups

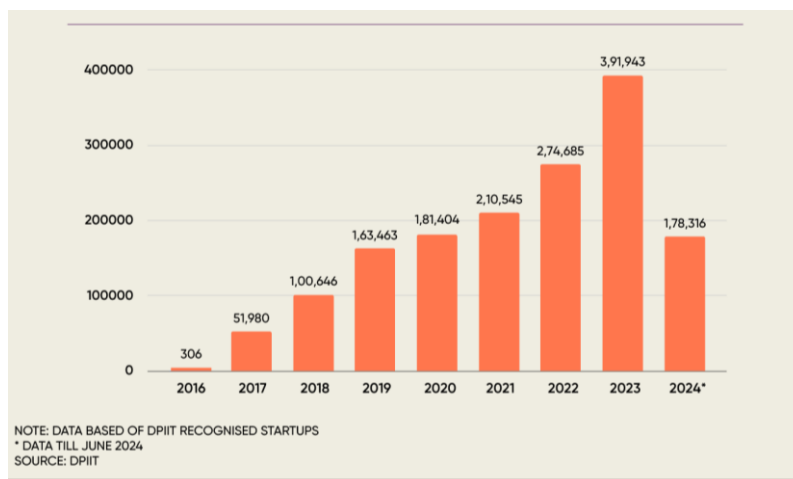


Note: Q3 2024 data is for the period between July 1 and Sept 28  
 Source: Inc42



Source: Inc42

**Figure 3:** Direct jobs created by DPIIT recognised Indian Startups from 2016-2024



NOTE: DATA BASED OF DPIIT RECOGNISED STARTUPS  
 \* DATA TILL JUNE 2024  
 SOURCE: DPIIT

Source: DPIIT

Figure 1 shows the number of start-ups registered under the Start-up India initiative crossed 100,000 in 2023, indicating rapid ecosystem growth. Correspondingly, Figure 2 shows how funding inflows to Indian Startups increased.

Figure 3 shows a jump in job creation to 392,000(approx.) in 2023 alone, confirming the employment-generation potential of start-ups.

The first objective of the National Education Policy 2020 is vocational education and teachers' capacity building through which learners' employability and vocational skills will be enhanced at all levels.



In collaboration with Quest Alliance, the new vocational training program was launched by the education authorities during 'Shikshak Parv 2022.' This program emphasizes developing self-learning abilities and imparting contemporary skills that are indispensable in today's economy. In case of effective use of professional counselling and government assistance, a commercial outlook can be efficiently developed among students from the secondary school level itself.

For instance, the recent establishment of various technical laboratories known as Atal Tinkering Labs by the Atal Innovation Mission (AIM) enables students from middle school to higher secondary to interact with advanced devices such as 3D printing technology, robotics, electronics kits, etc., and devise innovative ways to solve practical problems in their surroundings. Presently, more than 5,000 such laboratories have been operational in 650 districts, catering to approximately two million students. (Action Plan for Startup India, January 2016)

Moreover, the Atal Innovation Mission (AIM) model entails "Startup fests," which serve as the main innovation hub for kids in 500,000 schools. Also, there is an annual contest that intends to create world-class business incubators, and specialized innovation programs are envisaged to benefit the students enrolled in half a million schools across the nation. (Action Plan for Startup India, January 2016) [RG 1] source?

This approach enables learners to adopt a critical viewpoint, making them aware of what their communities require so that they can be in the driver's seat of change due to their creativity and knowledge.

There are many learning institutes which have adopted a curriculum that emphasizes business learning along with development areas where experts mentor them, finance them, and connect them with their peers. This way, students get practical knowledge as well as guidance from experienced individuals in the industry. The government wishes to sensitize the students with entrepreneurial aptitude to be motivated not only to be channelize his/her potential but also to become a source of job creation and contribute to the development of the country.

Curated courses can be introduced in high schools in collaboration with emerging start-ups and companies across different fields to motivate students and scout potential entrepreneurial talents,

Teachers in educational institutions, can make business theories interesting through the use of sales simulation activities, where each learner is expected to come up with a novel idea of a business that can thrive in the real world.

They might also be asked to study business models around the world and give their take on them. The curriculum should have graded assessments on these practical aspects of commerce other than the theory.

Nationwide surveys reveal the extent of vocational education in Indian schools to be minimal. The PARAKH Rashtriya Sarvekshan 2024 conducted by NCERT shows that just 47% of schools offer skill-based courses for Grades 9 and above. Only 29% of students are engaged in such activities (India Today, 2024).

Delhi is showing a lot of significant changes at the local level. More than 4,20,000 students from Delhi government schools enrolled in vocational courses in 2024. The school-leaving certificate holders were mainly targeted in a successful campaign, and thus Class XII graduates were supported by more than 30 companies which together facilitated the job market for them. (The Times of India, 2024).

However, the national employability trends are still at a low level. It is stated that out of the total 1.6 million skill trainees under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) between 2015 and 2022, only less



than 15% have found employment which indicates a large transition gap between training and the workforce (The Economic Times, 2024).

*The World Bank and CBSE partnership* is a step not only toward quality but also market relevance of vocational education programmes which are expected to open up the way for easier school-to-work transitions. (World Bank, 2024).

Area disparities continue to exist. Even though Gujarat leads in vocational education with its infrastructure, student enrolment is still very low. Contrarily, Delhi and Chandigarh have shown that students' interest can be very high even if the resources are limited. At the same time, Bihar and Odisha are dealing with the problem of a lack of course offerings. (The Times of India, 2024)

### **Conclusion:**

Start-ups have become a major force in the Indian job market. They create millions of jobs and drive inclusive economic growth and innovation. Educational institutions need to play a vital role to keep this momentum going. Schools should integrate entrepreneurial education and skill development into their programs.

The process of empowering young Indians to engage in creative thinking, to make informed risks, and innovating for the betterment of society resonates well with India's overall ambition to become a self-reliant and innovative economy. Developing such traits through practical knowledge, mentoring, and exposure would enable young Indians to shift from job seekers to job creators, which is essential for leveraging India's demographic dividend.

### **Recommendations:**

#### **1. Integrating entrepreneurial education into mainstream curricula -**

- India has one of the highest levels of youth unemployment rates as opposed to its labour force participation rates. It is therefore needed to integrate entrepreneurship into education curriculum so that young Indians can start creating jobs.

#### **2. Strengthening collaboration amongst schools, incubators and industries -**

- Despite India's growing start-up ecosystem, the school-to-industry innovation link remains weak, leading to a gap between education and employability. Strengthening partnerships will help students gain hands-on learning, mentorship, and early exposure to business ecosystems – indispensable for creating a development model built on ingenuity throughout every corner of the nation.

#### **3. Regularly Update Skill-based Curricula to Align with Emerging Industry Needs**

- The Indian economy is rapidly shifting toward sectors such as Artificial Intelligence, renewable energy, Financial Technology, and e-commerce. To maintain competitiveness at the global level, our education system must reflect these market trends. Updating curricula ensures industry relevance and increases the employability of graduates in relevant sectors.



In conclusion, fostering an education ecosystem that integrates entrepreneurship, industry collaboration, and dynamic skill development will empower India's youth to not only seek jobs but to also be able to create jobs. Such a holistic approach can bridge the gap between education and employability, driving sustainable innovation and inclusive economic growth.

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