

# Entrepreneurial Ecosystem in India: Components, Trends and Structural Implications

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DOI: <https://doi.org/10.51583/IJLTEMAS.2026.150300043>

Received: 22 March 2026; Accepted: 27 March 2026; Published: 09 April 2026

## ABSTRACT

Entrepreneurship is the dominant culture these days by the government, public, and private institutions. Small institutions are looking to collaborate with others to establish an Entrepreneurial Ecosystem. Thus, providing the facilities and resources for the students to become entrepreneurs. An Entrepreneurial Ecosystem can be defined as any collaboration established between a university, industry, or institution to enhance and strengthen the entrepreneurial culture. An Entrepreneurial Ecosystem allows startups to create, take risks, and interact successfully. Robust Ecosystems make startups to access the information and resources they require to be competitive. After identifying the importance of inculcating entrepreneurial culture into students, which cannot happen individually, many institutions have started collaborating with ecosystem elements that share knowledge and facilities to enhance entrepreneurship. This entrepreneurial ecosystem plays a vital role in creating and sustaining innovations and creativity in the Country. The concept of the ecosystem is growing rigorously in educational institutions in the country. All the educational institutions are giving a lot of importance to entrepreneurship. This study aims to understand the components of the ecosystem, trends in the evolution of the entrepreneurial ecosystem, and the consequences of the startup era in India.

**Keywords:** Ecosystem, incubators, accelerators, Venture capital, NEP 2020, technology

## INTRODUCTION

Entrepreneurship was no longer restricted to a few cities and a tiny group of daring individuals. Local and state governments took an interest. Universities abandoned their efforts to promote entrepreneurship. Large corporations established new startup programs, venture capitalists gained popularity once more, and angel groups returned.

According to OECD, Entrepreneurial Ecosystems are defined as a set of entrepreneurial actors, entrepreneurial organisations (like venture capitalists, firms, banks and business angels), institutions (public sector agencies, universities, financial bodies) and the process that allow the businesses to establish and grow (OECD, n.d.).

Entrepreneurship ecosystem consists of various stakeholders like entrepreneurs, institutions, stakeholders, individuals, employees, and other organizations that enable the growth of entrepreneurs. Incubators, accelerators, venture capitalists, fund providers, and government regulators play a vital role in the ecosystem. According to

Erik Stam and Andrew van (2021), an Entrepreneurial Ecosystem index is used to examine the quality of the ecosystem.

| Stakeholders of Ecosystem | Number |
|---------------------------|--------|
| Startups                  | 172101 |
| Mentors                   | 897    |
| Investors                 | 110    |
| Accelerators              | 216    |
| Corporates                | 54     |
| Incubators                | 1286   |
| Government Bodies         | 72     |

(Source: <https://www.startupindia.gov.in/>)

The above table represents the stakeholders of the entrepreneurial ecosystem. The startups form the largest and most dynamic group. The mentors, investors, accelerators, corporates, incubators, and government bodies are actively participating to support the startups in the country. Although accelerators and incubators are increasing in number, they still need to be scaled up to match the global ecosystem. The number of investors highlights that funding is critical. These supporting organizations provide their guidance, resources and networking opportunities.

The economic development of a country depends on its industrialization. The rise in startups results in employment, standard of living, and increased GDP. The Indian government, after recognizing the significance of startups, initiated many policies to accelerate entrepreneurship.

NITI Aayog is actively working to establish the essential resources and provide infrastructure via the Atal Innovation Mission (AIM) (Startup Talky, n.d.)

India has the 3<sup>rd</sup> largest startup ecosystem globally. There is a growth of 15% yearly in the startup ecosystem, whereas the accelerators and incubators rose at 11% (DPIIT, Startup India, n.d.). Union Minister Jitendra singh said, “Our startup ecosystem is now ranked three, global innovation index has gone up from 81 to 39. Our patent filing is ranked six” (The Economic Times, Apr 22, 2025, 7:01:25 pm IST).

The technological landscape in India has experienced significant growth, resulting in the emergence of innovative startups and establishing the country a third largest fastest growing hub for technology startups (Startup Talky, n.d.). India is predicted to develop by 12–15% annually on average. In 2018, there were over 50,000 companies in India, with 8,900 to 9,300 of them being technology-led. In 2019 alone, 1300 new tech firms were founded, meaning that two to three new tech startups are created every day (DPIIT, Startup India, n.d.).

The Government introduced the **Startup India Hub portal** as a centralized digital platform where entrepreneurs can find information, resources, and benefits offered under the Startup India initiative. This portal enhances access to many programs, particularly benefiting startups in non-metro and remote areas. Additionally, the **BHASKAR (Bharat Startup Knowledge Access Registry)** platform was launched to streamline collaboration among key players in the startup ecosystem, helping entrepreneurs from smaller cities connect with the broader startup network (PIB, Ministry of Commerce and Industry, 15 JAN 2025).

## REVIEW OF LITERATURE

**Stam et al. (2025)**, identified the importance of the entrepreneurial ecosystem and considered it as a black box, as the process and components were not clear. To make it clearer, they studied the composition, process, progress, and its limitations. At last, their study helps to know the research and policy development of the entrepreneurial ecosystem.

**Sujana & Subba Reddy (2023)**, studied the Indian entrepreneurial ecosystem and spotted the facilitators and hurdles. In-depth Interviews were conducted with the initiators of startups and owner-managers of the business in the country. They collected the perceptions on the facilitators and the barriers in the country's ecosystem of entrepreneurship. They identified that business regulations, current government policies, environment of the institution, taxation processes, and integration of the technology as the principal facilitators, and lack of skills, lack of funds, market competition, corruption practices, and human capital are the hurdles in the entrepreneurial ecosystem. They suggested improving the government programs to meet the needs of the entrepreneur.

**Audretsh et al. (2021)**, studied the institutional arrangements that impact the entrepreneurial activity in various cities of the India. They used a regulatory framework, cognitive and normative factors to show the differences between successful and unsuccessful entrepreneurship.

**Stam and Van (2021)**, assessed the entrepreneurial ecosystem concept. They highlighted the network, mechanism, culture, and institutions that aided entrepreneurship. They used bibliometric analysis to showcase the use of the entrepreneurship ecosystem

**Socrates and Gopalakrishna (2020)**, studied the promotion and development of MSMEs to stimulate economic development and employment generation in the country. They emphasized the need to enhance rural businesses and high-growth enterprises.

**Bramwell et al. (2019)** experimented with innovation policies that supported the advancement and cooperation of entrepreneurial ecosystems in a region in Canada. They used case study method to explain the evolution of entrepreneurs in Ontario, Canada. They found that the network should focus on innovation-based entrepreneurship.

**Cavallo et al. (2019)** reviewed the entrepreneurial ecosystem critically. They identified key components that constitute an EE and proposed a set of guidelines aimed at helping researchers and practitioners understand these complex systems more thoroughly. Finally, they recommended that policymakers should consider Entrepreneurship development while developing support measures in their local ecosystems.

**Joshi and Satyanarayana (2014)**, focused on the role of the Indian startup ecosystem in the onset and growth of high-technology startups. They found that internet usage, venture capital availability, the presence of similar high-tech firms, and the volume of deal flow were important factors that facilitated the growth of the ecosystem.

## Objectives of The Study

1. To understand the components of Entrepreneurial ecosystem in India.
2. To showcase the significance of the ecosystem in the development of entrepreneurship culture and mindset in the country.

## Components of Entrepreneurship Ecosystem

Entrepreneurs are the engine of innovation, economic expansion, and job creation in today's dynamic business environment. However, what drives these aspirational visionaries' success? The entrepreneurship ecosystem is a dynamic and interrelated network of opportunities, support systems, and resources that foster entrepreneurial endeavors. An efficient ecosystem gives aspiring business owners the resources they need to make their endeavors successful, much like a busy metropolis.

## Access to capital

It is the essential component in the entrepreneurial ecosystem. Businesses often need capital to scale their operations and move towards innovation. This involves financing for recruiting skilled workers and entering new markets. Businesses are supplemented by a variety of funding sources, which include government subsidies, venture capitalists, angel investors and other institutional investors.

## Government Initiatives

The government has initiated many programs to support and foster entrepreneurship in the country. They provide seed capital and incentives for startups at early stages and support them in their initial stages. They also advise and provide mentoring services to overcome the barriers in establishing, running, and sustaining the business. This advances entrepreneurs to contribute to the development of ecosystem.

## University Support and Incubation

Most of the universities, to inculcate entrepreneurial behaviors into the students, established incubators on campus. These Incubators play an important role in a developing entrepreneurial ecosystem. They provide required support through mentoring, programs and early-stage funds. Workshops, pitching contests, and investor relationships may help the entrepreneurs. These programs serve as growth accelerators, enabling the business to advance more quickly and acquire valuable insights.

## Infrastructure and Market Access

The success of the entrepreneur depends on the infrastructure availability and the market access within the ecosystem. This helps them to create a favourable environment for their survival. These days co-working spaces provide flexible and accessible office space, encouraging entrepreneurship and information exchange. Infrastructural facilities such as stable internet access and availability of required tools and equipment are essential to run the startups efficiently.

Entrepreneurs may verify their goods and services, draw clients, and make money by acquiring access to marketplaces. Networks offer beneficial chances for cooperation, collaborations, and mentoring. Participating in an ecosystem for entrepreneurship enables business owners to access pre-existing networks and take use of group knowledge.

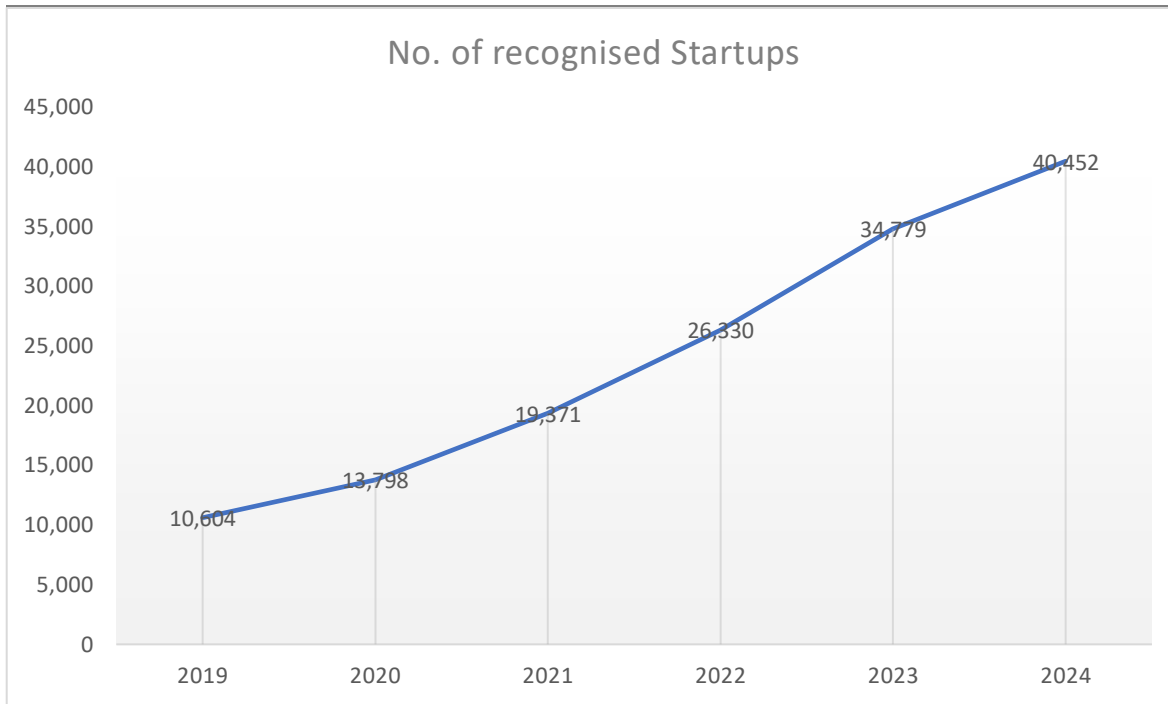
## DISCUSSIONS AND FINDINGS

Startup India is a fabulous initiative that has changed the scenario in the country. Startup policies are existing in more than 26 states nationwide (DPIIT, Startup India, n.d.). Moreover, the Government of India, has come up with many transformations to make the journey of entrepreneurship easy. India evolved as a hub of Innovation and Entrepreneurship globally. The ecosystem is ready to take on new problems and grasp opportunities as it develops, which will spur innovation, job creation, and economic growth (Talent, Ideas, Capital, Entrepreneurship, n.d.). As per NEP 2020, all the educational institutions need to collaborate with incubators, or universities to establish ecosystem that encourages entrepreneurship in the students of the educational institution.

There is a gradual rise in the number of startups in the country across different sectors like edtech, agri, fintech, health, deeptech, and e-commerce. India now with 112 unicorns, whose value is over \$350 billion. A Startup with a value of more than \$ 1 billion is considered to be Unicorn.

| Year                      | No. of recognised Startups |
|---------------------------|----------------------------|
| 2019                      | 10,604                     |
| 2020                      | 13,798                     |
| 2021                      | 19,371                     |
| 2022                      | 26,330                     |
| 2023                      | 34,779                     |
| 2024                      | 40,452                     |
| 2025 as on Jul 11th, 2025 | 14,397                     |

(Source: <https://www.pib.gov.in/> )



The above data represents the number of recognised startups with India's DPIIT (Department for Promotion of Industry and Internal Trade) from 2019 to 2025. A significant upward trend is visible year by year till 2024. The first half of 2025 has a good number of startups recognised.

Many key initiatives have been introduced by the Startup India initiative to offer entrepreneurs all-encompassing assistance at various phases of their development. To ensure the expansion and viability of startups, these programs seek to solve important issues, including finance, market access, and credit guarantees.

The government launched different funding schemes, which include Startup India Fund Scheme (SISFS), Credit Guarantee Scheme for Startups (CGSS), and Fund of Funds for Startup Scheme (FFS). Startup India scheme also includes other initiatives like BHASKAR (Bharat Startup Knowledge Access Registry) to strengthen innovation, and growth in entrepreneurship and Startup Mahakumbh, another event that brings all the stakeholders of the ecosystem under one roof (PIB, Ministry of Commerce & Industry, 15 JAN 2025).

### As per the World Economic Forum, Different trends can be observed in the evolution of the Indian Entrepreneurial ecosystem:

- 1. Increasing gender equality** – As per the year 2023-24, Global Entrepreneurship Monitor, the difference between the female and male entrepreneurs is decreasing because of government schemes like MUDRA Yojana and Jan Dhan Yojana.
- 2. Entrepreneurial Attitude** – Government is emphasizing on innovation and creativity. In the NEP 2020, the government is facilitating required infrastructure like Atal Innovation Centres, Atal Tinkering Labs (ATL), and Atal Incubation Centres at different levels of educational institutions.
- 3. Informal Business is being formalized using digital public infrastructure** – Many street vendors are using Digital payment interfaces to pay and receive the amount. QR codes, UPI scanners were also used.
- 4. Enhanced startup ecosystem** – The enhancement of physical and digital infrastructure provides easy transportation and logistics for businessmen.

### Repercussions of the Startup Era

- 1. Employment generation:** Millions of jobs are generated by the startups, enhancing economic growth and enabling young India.
- 2. Shift in Culture:** More people are becoming entrepreneurs as a result of startups success in creating an innovative and risk-taking culture.

3. **Growth in the economy:** Fintech and e-commerce are becoming as important engines of economic activity, making up a sizable portion of India's GDP.
4. **International recognition:** Zomato and Ola are growing abroad, making Indian startups more noticeable globally.

### Challenges of Entrepreneurial Ecosystem

Despite the impressive growth of India's entrepreneurial ecosystem, several systemic challenges persist that hinder the full realization of its potentials.

**Regulatory Complexity:** Although India has made strides in improving the ease of doing business, startups continue to face regulatory hurdles related to taxation, licensing, and labor laws. Procedural delays and a lack of coordination between central and state authorities increase the compliance burden, particularly for early-stage ventures (World Bank, 2020; DPIIT, 2022).

**Access to Capital:** While seed and early-stage funding have seen some improvement, growth-stage funding remains constrained, especially for startups located outside major metro areas. The issue is more pronounced for ventures in sectors with longer gestation periods such as hardware, deep tech, and manufacturing (NASSCOM, 2023; EY & FICCI, 2022).

**Infrastructure Gaps:** Startups in Tier 2 and Tier 3 cities often lack basic entrepreneurial infrastructure such as co-working spaces, high-speed internet, research labs, and logistics support. These gaps prevent regional ecosystems from maturing at the same pace as urban centers (KPMG, 2022; Startup Genome, 2023).

**Skill Mismatch:** The Indian workforce often faces a mismatch between academic training and the practical, digital, and entrepreneurial skills required by startups. This talent gap affects productivity and slows down scalability for many ventures (EY & FICCI, 2022).

**Intellectual Property and Innovation:** Startups, particularly in smaller cities, struggle with low awareness of intellectual property (IP) rights and limited access to legal or advisory support for patenting and IP protection. This limits their ability to commercialize innovation effectively (Singh & Ganesan, 2020).

**Gender Disparities:** Women-led startups constitute a small percentage of the ecosystem, reflecting structural barriers such as limited access to capital, mentorship, and networking opportunities. Cultural norms and family responsibilities further restrict the participation of women in entrepreneurship (Chatterjee & Ghosh, 2021).

### Future Scope of the Study

Future studies can be made in terms of the impact of digital transformation on entrepreneurial ecosystems. A longitudinal study across the cultural contexts can be made.

### CONCLUSION

Any collaboration that permits the entrepreneurs to innovate, take risks, and be successful is considered to be an Ecosystem. Such ecosystems provide support and success to the entrepreneurs (Malecki, 2018). Some of the Significant initiatives taken by the Indian government to spur Entrepreneurship are Make in India, Startup Initiative, and SAMRIDH Scheme.

These initiatives accelerated the startup ecosystem in the country. Government initiatives towards entrepreneurship have created a revolution in attracting investments into the country, built a strong entrepreneurial culture, and sharpened the skillset to grow rapidly. Fund availability to startups has become an important driver of growth. Government initiative "Funds of Fund" for startups has started with a corpus fund of Rs 10,000 crore in the early-stage funding. Additionally, the increase in venture capitalists, angel investors, and private equity investors has increased the availability of large financial resources and the growth of startups.

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