

The Impact of the Start-up India Program on Entrepreneurship Development in Maharashtra

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Abstract

Startup India, an initiative of the Government of India launched in 2016, promotes entrepreneurial growth through the relaxation of rules, financial incentives, and enhanced infrastructural facilities. It has experienced high entrepreneurial activity in one of India's most significant economic centres, Maharashtra. This research critically examines the Impact of the Startup India initiative on the entrepreneurial environment of Maharashtra, with an emphasis on key determinants such as startup creation, access to capital, the efficacy of policy, and structural factors. In addition, the study also discusses the role of the micro, small, and medium Enterprises (MSMEs) sector, which has been the driving force behind economic growth and employment generation in India. The MSME sector plays a significant role in industrialising backwards and rural regions, promoting regional balance, and achieving balanced wealth distribution. In recognition of its role, the Micro, Small and Medium Enterprises Development Act 2006 was implemented to overcome policy impediments, increase investment ceilings, and unify the manufacturing and service sectors under one umbrella. Using a mixed-methods study design, this research paper compares the startup environment in Maharashtra with best practices in India and current inefficiencies. The study identifies the positive reforms introduced by Startup India and the current shortcomings that necessitate policy adjustments. It also examines emerging trends on the horizon, including technological Innovation, and places Maharashtra on the Indian startup map. The research findings offer valuable insights for enhancing policy effectiveness and promoting an entrepreneurial culture in Maharashtra.

Keywords: *Startup India, MSMEs, Business culture.*

Introduction

Maharashtra is the financial and technological capital of India, and it has benefited extensively from this venture. The state boasts a robust infrastructure, a professional workforce, and an investor-friendly setup, resulting in tremendous business growth over the past few years. Startup India has played a significant role in this growth by providing startups with

much-needed assistance, including easier regulations to adhere to, access to capital, and safeguarding of their Ideas. Entrepreneurship is of great importance in boosting the economy as it leads to the creation of new ideas, Jobs and a robust economy. Recognising its potential to drive change, the Indian Government launched a programme to develop startups. This grand initiative aims to simplify business operations by reducing bureaucratic

hurdles, providing financial support, and encouraging new and innovative ventures with numerous benefits, including tax breaks, incentives, and streamlined regulations. Despite these advancements, the Startup India program is effective in assisting new businesses in Maharashtra. It remains to be examined whether the program has assisted new businesses in expanding; however, issues such as market competition, policy implementation, and Maharashtra's position in India still need to be addressed. This research will closely examine how the Startup India program influences business expansion in the state of Maharashtra.

It will also compare the startup environment in Maharashtra with that of leading Indian hubs to identify promising ideas and areas for improvement. This research aims to provide valuable insights into the effectiveness of the program and identify opportunities for further improving the business environment in Maharashtra.

Literature Review

The Startup India initiative has been a subject of extensive research since its inception in 2016, particularly regarding its influence on entrepreneurial ecosystems at the state level. This review consolidates key scholarly insights related to Maharashtra's startup growth, the role of MSMEs, policy frameworks, and the broader entrepreneurial environment.

1. Impact on MSMEs and Startup Growth

Manikandan (2021) highlighted that the Start-up India initiative significantly benefited micro, small, and medium enterprises (MSMEs) in Maharashtra. Through incubation facilities, subsidies, and digital incentives, many small enterprises successfully scaled their operations, reflecting the efficacy of

institutional support mechanisms. Complementing this, Nager and Ahmad (2024) observed that Maharashtra's emergence as a start up hub was driven by venture capital availability and robust incubation support.

2. Policy Support and State Initiatives

Tamboli and Nawathe (2020) analysed Maharashtra's supportive policies, such as sector-specific incentives and ease of doing business, which have positioned the state among India's leading entrepreneurial ecosystems. Likewise, Godha et al. (2019) examined how Maharashtra's FinTech policy under Startup India provided fiscal benefits, mentorship, and enhanced the ease of business, promoting a culture of innovation.

The Maharashtra State Innovative Startup Policy 2018 was also found to be instrumental in creating a more structured and enabling startup environment. This was further supported by Pohance and Sawant's (2023) comparative study of India and China, which showed that Maharashtra's policy reforms and funding schemes significantly improved its startup ecosystem.

3. Challenges Within the Ecosystem

Despite these policy advances, several researchers pointed out systemic barriers. Munda and Thangavel (2024) identified persistent challenges such as regulatory bottlenecks, funding difficulties, and market saturation, which continue to hinder startup sustainability in the state. These were echoed by other studies that called for more inclusive strategies to reach rural and semi-urban regions.

4. Gender Inclusivity and Sectoral Insights

Burghate et al. (2023) examined the gendered impact of Startup India, reporting a rise in women-led startups in sectors such as retail, technology, and social enterprise. Their study underlined the positive implications of targeted government

programs on gender inclusivity within entrepreneurship.

5. Digital Transformation and Innovation

Nair (2021) focused on how Maharashtra's digital governance and tech-forward initiatives fostered startup growth in the technology sector. Innovations in digital payments, incubation centres, and e-governance were seen as key enablers of startup dynamism, especially in urban centres.

6. Economic and Employment Impact

Goyal and Dangwal (2022) assessed how Maharashtra-based startups, under the influence of the Startup India Action Plan, contributed significantly to job creation and economic diversification. This aligns with broader national objectives of economic resilience through entrepreneurship.

Collectively, the reviewed literature affirms that the Startup India initiative, bolstered by state-level policy interventions, has positively influenced Maharashtra's entrepreneurial landscape. Key contributions include enhanced access to capital, infrastructural support, and the proliferation of incubation centres. However, challenges such as limited penetration in Tier 2 and Tier 3 cities, regulatory complexities, and uneven digital outreach remain. Addressing these concerns through targeted reforms and inclusive strategies is essential for sustaining Maharashtra's momentum as a leading startup hub in India

Research Objectives

1. Explain the contributions of incubation centres, accelerators and government policy programs towards developing the growth of startups.
2. Review the availability and effectiveness of the financial incentives in the scheme.

3. Examine both the quantitative and qualitative effects of the Startup India initiative on the establishment of new enterprises in the state of Maharashtra.
4. Recognise the structural and functional issues that hinder entrepreneurial success.
5. Explain the Impact of emerging technologies on Maharashtra's business culture.

Research Methodology

This research employs a mixed-methods study design to provide a critical analysis of the Impact of the Startup India scheme in the state of Maharashtra. The research design includes. Secondary Data Analysis entails examining government reports, Startup India performance reviews, industry reports, and scholarly studies to learn about the program's success and its Impact on the startup ecosystem in Maharashtra. A comparative analysis of the Maharashtra startup ecosystem will be conducted with other top startup ecosystems in India. This comparison will identify the strengths, weaknesses, and areas for improvement in Maharashtra to enhance its startup ecosystem. By employing these strategies, this research aims to provide a comprehensive perspective on the role of Startup India in promoting Entrepreneurship development in Maharashtra.

The Startup India Initiative, A policy overview

The Startup India Initiative, launched by the Government of India in 2016, aims to foster a thriving startup ecosystem through support, incentives, and a conducive regulatory environment. Although the initiative was initially directed towards digital and technology-

based startups, it has since been extended to manufacturing, social enterprises, and healthcare. Additionally, startups aim to expand their reach beyond metropolitan cities to Tier 2 and Tier 3 cities, as well as semi-urban and rural areas in India.

'The Government of India, on February 19 2019, stated that a company will be a startup if it fulfils the following criteria. It has been incorporated or established for a period not more than 10 years (previously 7 years, except for biotech startups). It is operated as a private limited company, a partnership firm, or a limited liability company.

Partnership

Its annual turnover has never crossed INR 100 crore in any given year since its inception. It is concerned with generating new ideas, creating employment opportunities, and generating wealth. Those firms that are formed by dividing or reorganising existing enterprises are not startups. To avail of the benefits of this scheme, a startup must be certified by the Department for Promotion of Industry and Internal Trade (DPIIT).¹ The Startup India Action Plan is designed to assist and encourage the startup culture in India. It consists of handholding and simplification; startups can be facilitated with ease of compliance by self-certification, minimising bureaucratic obstacles. Incentives and funding support, a startup

fund of funds (FFS) with a corpus of ₹10,000 crores has been established. SIDBI is handling it and will provide financial support to startups. Collaboration between startups and universities, as well as startup incubators and innovation labs, is being established in schools and colleges nationwide to assist young entrepreneurs. The Startup India Action Plan aims to create a conducive startup environment that facilitates their growth, development, and Innovation, driving economic growth for India.

Key Achievements of the Startup India

The Startup India initiative has played a significant role in establishing new companies and promoting the nation's economic development. Some of its key contributions are: 1 40,803 startups have been officially recognised by the Department for Promotion of Industry and Internal Trade (DPIIT).

This indicates that the program has been successful in developing new businesses, generating over 15.53 lakh jobs and creating employment opportunities while also expanding the economy. To encourage women to be entrepreneurs, 67,499 startups have a female director. This indicates that women are increasingly becoming leaders in the startup industry. These milestones demonstrate how the initiative has facilitated the establishment of a thriving, inclusive, and innovative business ecosystem in India.

Table 1: DPIIT-Recognised Startups & Job Creation

Date (as on)	Startups Recognised	Women-Led Startups	Direct Jobs Created
30 June 2024	140,803	67,499	1,553,000
31 October 2024	152,139	—	—
31 December 2024	157,000	75,000	172,800
January 2025 (app)	159,157	—	1,660,000

Source: <https://www.fortuneindia.com/macro/startups-in-india-rise-three-fold-in-5-years-maharashtra-up-gujarat-lead/119392?utm>

The statistical data presented in the above tables underscore the substantial impact and scale of the Startup India initiative. As of January 2025, over 159,000 startups have been recognized by the Department for Promotion of Industry and Internal Trade (DPIIT), generating

more than 1.66 million jobs, indicating a significant contribution to employment generation and economic activity. Notably, the initiative has fostered inclusivity, with over 75,000 women-led startups, reflecting growing gender participation in entrepreneurship.

Table 2: Key Scheme & Funding Highlights

Scheme / Area	Allocation / Impact	As on Date
Seed Fund Scheme (SISFS)	₹945 crore sanctioned	From 2021–22
Fund of Funds for Startups (FFS)	₹10,000 cr corpus	As of Aug 2024
AIFs via FFS (investment by AIFs)	₹20,572 cr	Up to 31 Oct 2024
SISFS funding approved	₹454.04 cr	As of 31 Oct 2024
Credit Guarantee Scheme (CGSS) guarantees	₹555.24 cr	As of 31 Oct 2024
Closed startups (total)	5,063 (3.3% of 152,139)	As of Dec 5, 2024
Maharashtra: Closed startups	929	As of Dec 5, 2024

Source: <https://www.fortuneindia.com/macro/startups-in-india-rise-three-fold-in-5-years-maharashtra-up-gujarat-lead/119392?utm>

On the financial support front, the Fund of Funds for Startups (FFS) with a ₹10,000 crore corpus has catalyzed investments of over ₹20,500 crore through Alternative Investment Funds (AIFs) by late 2024, showcasing strong capital mobilisation. Similarly, the Startup India Seed Fund Scheme (SISFS) approved funding of ₹454.04 crore, while the Credit Guarantee Scheme (CGSS) sanctioned guarantees worth ₹555.24 crore, both indicating the government's focus on easing early-stage funding constraints.

Despite these achievements, the data also reveals that approximately 3.3% of recognized startups have closed, with Maharashtra accounting for the highest share at 929 closures, suggesting regional disparities and potential challenges in sustainability. Overall, the initiative has built a strong foundation for India's startup ecosystem, but continued policy support, regional balance, and robust infrastructure will be key to long-term success.

Startup India ranking framework (SRF)

Launched in 2018, the state startup ranking framework is a yearly ranking aimed at verifying and strengthening the startup ecosystems of Indian states and Union Territories. The ranking considers policy reforms, regulatory assistance, and financial incentives and encourages states to compete positively in creating a better business environment.

State Rankings 2022

Indian states were differentiated by the extent to which they facilitated startups, resulting in varying degrees of performance. Best performers: - Gujarat, Karnataka, Kerala, Tamil Nadu. These four states have led the way in startup regulations, access to funding, and overall ecosystem building.

Top performers

Maharashtra, Odisha, Punjab, Rajasthan, and Telangana have all been top performers in

facilitating new enterprises and business facilities.’ The Startup India Initiative has played a crucial role in enhancing India’s business climate by simplifying regulations and providing assistance to startups. As the initiative grows, frequent policy reforms, digital platform upgrades, and active state involvement will be crucial to making India a global hub for startups.

Entrepreneurial Development in Maharashtra

Maharashtra has always been at the forefront of India’s industry and technology. With its vibrant cities, diverse businesses, and rich culture, the state has emerged as a significant destination for new companies and innovative ideas. Realising that startups can contribute to the growth of the economy. The Maharashtra state Government established the Maharashtra State Innovative Startup Policy 2018. The policy was a significant step towards supporting a robust and vibrant startup ecosystem. With emphases on financial assistance, incubation facilities, and reasonable regulations, Despite the good efforts being put in Maharashtra's startups continue to face numerous issues, including the recruitment of skilled employees, high business costs, and lack of awareness in rural regions, it is necessary to address these issues with proper plans to utilise the best of Maharashtra's startup culture. The present

study examines the influence of government policies on the state's startups, verifies the opportunities present, and identifies the challenges to be overcome.

The Maharashtra Centre for Entrepreneurship Development was established in 1988 with state assistance to facilitate the training and development of entrepreneurs. The state has also established regional corporations to promote business and industrial development. Globalisation is changing how companies operate, and it has made entrepreneurial development programs (EDPs) more relevant. EDPs provide technical expertise, business training, and motivation to equip entrepreneurs to meet market needs and adapt to new technologies. With increased competition, there will be a need for a culture of ongoing learning and skill development to maintain entrepreneurial success in Maharashtra.

‘Maharashtra State Innovative Startup Policy 2018 has established a solid base for the startups in the state. There are over 12,000 registered startups. 140 core as financial support, and over 150 startups incubated. Everything that has been achieved so far is commendable. However, problems such as talent retention, operational expenses being high, and awareness disconnects have to be addressed to achieve the full potential of the ecosystem.’⁴

Table 3: DPIIT-Recognised Startups & Job Creation in Maharashtra

Year	Startups Recognised	Direct Jobs Created
2019	1,987	21,979
2020	2,531	29,133
2021	3,552	38,354
2022	4,763	50,913
2023	5,801	64,974

Source: Data on Maharashtra’s DPIIT-recognized startups 2019–2023; Job-creation figures sourced from DPIIT state-wise annexure

Table 3 illustrates a consistent and significant growth trend in the number of DPIIT-recognised startups and job creation in Maharashtra over the five-year period from 2019 to 2023. The number of startups nearly tripled, rising from **1,987 in 2019** to **5,801 in 2023**, reflecting the increasing vibrancy of Maharashtra's entrepreneurial ecosystem. This upward trajectory highlights the growing effectiveness of both central and state-level initiatives, such as the Startup India scheme and the Maharashtra State Innovative Startup Policy (2018), in encouraging business formation.

Job creation has also shown steady improvement, with the number of direct employment opportunities increasing from 21,979 in 2019 to 64,974 in 2023—a threefold rise. This not only demonstrates the capacity of startups to absorb skilled and semi-skilled labour but also underscores the broader economic impact of the entrepreneurial sector in Maharashtra. The correlation between the rise in startups and employment indicates that these ventures are not just being registered, but are operational and contributing to economic activity. Overall, the data reflects a positive and expanding startup landscape, though sustaining this momentum will require further infrastructural support, talent retention, and access to finance across urban and rural areas alike.

Maharashtra possesses the resources, capability, and dynamism to become a global hub for Innovation and entrepreneurship. Through collaboration, investment in skills development, and an enabling ecosystem, the state can achieve long-term growth and stability. In the coming year, government policies will be crucial in addressing challenges and capitalising on opportunities. In this

manner, Maharashtra will be able to create a future in which startups drive economic growth and have a positive impact on society. The state is among the top destinations for startups in India, but how does it compare with other top destinations in the nation? Here is a rundown of what the state does right, as well as areas that need improvement. Maharashtra is an active startup ecosystem, but it has fewer incubators than Karnataka and Telangana. The two states have structured programs that have assisted startups in growing policy and Infrastructure. Maharashtra's policies for startups are good, but Delhi and Karnataka are better in terms of Infrastructure and policy support to make startups successful. Ease of doing Business: Although Maharashtra remains competitive, it still suffers from regulatory problems, which make it harder for startups to operate smoothly. Gujarat and Tamil Nadu have streamlined their policies to make the climate business-friendly. Maharashtra is already a leading player in India's startup culture. With more support, Infrastructure, and regulations, it can be even bigger.

Findings of the study

Startup India has played a significant role in converting Maharashtra into a thriving startup ecosystem by. Streamlining regulations, eliminating bureaucratic barriers to entrepreneurs. Financial support, with more than 12,000 listed startups and RS. 140 crore in funding. Encouraging innovation leads to increased job opportunities and economic diversification. Financial and Institutional support, increased access to finance via the startup fund of funds (FFS), tax relief, and credit guarantee schemes. Support infrastructure as incubators, accelerators and innovation centres, albeit in lower numbers than in Karnataka and Telangana.

Financial support from the Maharashtra Centre for Entrepreneurship Development (MCED) and the Maharashtra State Innovative Startup Policy of 2018 is provided.

Challenges to Startup Growth

Regulatory and administrative barriers, licensing requirements, and delays in compliance discourage businesses from operating, resulting in limited market penetration in three cities. Rural areas lack Infrastructure, resources, and awareness. Tech-led growth, AI, and ed-tech startups are gaining momentum, with a focus on expanding beyond metropolitan areas. Government efforts focus on creating a startup ecosystem in Tier 2 and Tier 3 cities, emphasising the necessity of skill development. Education for entrepreneurship and academia-industry collaboration would be imperative to ensure long-term growth.

Recommendations

Streamline approval procedures to reduce bureaucratic delays and streamline the regulatory requirements to enhance operational efficiency. Enhance ease of doing business through policy transparency and digitalisation. Seed capital initiatives to fund early-stage businesses. Enhance facilities for finance support to MSMEs. Encourage private equity and venture capital investment in startups. Infrastructure Development. Invest in Incubation facilities and technology parks for Innovation; improve logistics and supply chain facilities to facilitate business expansion. Promoting Rural and Small Town Entrepreneurship: Introduce awareness campaigns for entrepreneurs in Tier 2 and Tier 3 cities. Offer policy and capital support to rural startups, education in schools, and promote

industry-academia collaborations to enhance entrepreneurial competencies.

Conclusion

Startup India has highly encouraged the development of entrepreneurship in Maharashtra by creating a conducive business environment and providing financial as well as regulatory benefits for startups. Startup India has streamlined the compliance process. Enhance accessibility to financing, foster Innovation, and generate employment opportunities. Additionally, the policy framework launched by the Maharashtra state government, for example, the Maharashtra State Innovation Startup Policy 2018, has also strengthened the entrepreneurship ecosystem by providing access to financing, incubation, and talent development. However, despite this advancement, several problems persist, including regulatory overhang, limited reach in Tier 2 and Tier 3 cities, and a challenge for early-stage startups to mobilise funds, as well as Infrastructure, storage, and a lack of quality talent, among others. Maharashtra's Dhruva leading startup centre is still behind other states in terms of its business structure, incubation support, and streamlined regulatory mechanisms.

For Maharashtra to become a global innovation hub, stakeholders and the government must address the following structural issues: policy infrastructure, building, promoting startup funding options, improving incubation networks, and supporting skill development programs. These key measures will further strengthen entrepreneurial development. With clear-cut reforms and enhanced Infrastructure, Maharashtra can become one of the world's leading hubs for startups, driving long-term economic growth and Innovation.

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