How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.



MAINS MASTERY 2026 · GS PAPER III · QUESTION 12 · STUDENT EDITION

Indian Startups: Innovation, Jobs and Sustainability

THE QUESTION, AS SET IN UPSC CSE MAINS 2026

How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

Directive: How, Discuss, Suggest | 15 marks | 250 words

Indian economy: startups and employment

1 **PYQ Deep Decode** — Demands, hidden test and form
2 **PYQ Intelligence** — 2013 to 2026: firms, jobs, policy
3 **Additional information** — Contributions, barriers, remedies
4 **Pitfalls and variations** — Six errors and changed directives
5 **The model answer** — 252 words with matched solutions
6 **Other ways to write it** — Five alternative answer outlines
7 **Quick recall** — Sixteen facts for quick revision
8 **Write it yourself** — Seven checks, sources and practice

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1 PYQ Deep Decode

Read the question the way the examiner set it: the demand, the hidden demand, the structure that follows from both, and how the answer should be presented, opened and closed.

1.1 The demand

The question asks you to examine **three connected dimensions of India's startup ecosystem**. First, explain how startups promote **entrepreneurship, innovation and employment**, not merely how many have been registered. Second, discuss the **global and domestic challenges** affecting their operation, distinguishing pressures originating outside India from constraints within the Indian business environment. Third, **suggest suitable measures** that directly answer those challenges. The word **"How"** requires mechanisms and examples; **"Discuss"** requires significance and limitations; and **"Suggest"** requires practical, problem-specific remedies. The answer must move from contribution to constraint to solution, while recognising that creating a startup is not the same as sustaining a productive enterprise.

Words in the question	What they ask you to do	What goes wrong if you miss them
How are startups in India promoting	Explain the channels through which startups change economic activity: enterprise formation, commercialisation of ideas, job creation and productivity improvements.	Giving startup numbers or listing unicorns without explaining their economic contribution.
Entrepreneurship	Show how founders identify unmet needs, accept business risks, mobilise capital and create enterprises, including outside established metropolitan centres.	Equating entrepreneurship only with venture capital or billion-dollar valuations.
Innovation	Distinguish technological invention from process, product and business-model innovation. Use Indian examples from fintech, agriculture, health or space.	Calling every digital application an original scientific breakthrough.
Employment	Explain direct hiring, indirect demand for suppliers and services, and opportunities for self-employment. Distinguish these from the quality and durability of jobs.	Counting all platform workers as permanent startup employees.
Global and domestic challenges	Separate external funding, trade, competition and technology risks from internal finance, compliance, talent, infrastructure and market-access constraints.	Writing one undifferentiated list of problems or discussing only Indian regulations.
In their working	Examine operational difficulties at different stages: validation, product development, market entry, scaling, governance and survival.	Restricting the discussion to difficulties in obtaining startup recognition.
Suggest suitable measures	Match each remedy to a named constraint: patient finance for deep tech, simpler compliance for small firms, market access for new suppliers, and skills for scaling.	Ending with generic advice to provide funding, improve infrastructure and encourage innovation.

THE DEMAND IN ONE LINE

Explain how Indian startups create entrepreneurs, innovations and jobs; distinguish global from domestic operating constraints; then match those constraints with financial, regulatory, technological and employment-oriented remedies.

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1.2 The hidden demand

The question begins with the **positive contribution** of startups but asks about challenges and remedies. That movement tests whether the candidate understands the difference between **ecosystem expansion and economic sustainability**. Recognition establishes eligibility within a policy framework; fundraising supplies capital; valuation expresses investor expectations; none automatically establishes profitability, technological originality, productive employment or business survival.

The distinction is measurable. DPIIT reported **over 2.23 lakh recognised startups and more than 23.36 lakh direct jobs as at 31 March 2026**. These are important indicators of ecosystem expansion, but the employment figures are reported by recognised startups. They do not, by themselves, establish job tenure, wages, social security or survival over time. In a separate parliamentary reply published on **17 March 2026**, the Government reported **6,789 recognised startups classified as closed** in MCA records as at 31 January 2026. That figure must not be converted mechanically into a national startup failure rate.

The hidden demand therefore belongs in a **small final part**: judge the ecosystem through surviving firms, commercialised innovation, financial resilience and durable employment, not registrations or valuations alone.

A strong answer separates the visible indicator from the economic outcome it is supposed to represent.

Visible indicator	What it demonstrates	What must also be tested
DPIIT recognition	An entity has met the applicable recognition criteria.	Survival, customers, revenue and productive activity.
Funding raised	Investors or lenders have supplied capital.	Cash runway, governance, margins and returns on capital.
Patents and prototypes	Potential technological capability or protected invention.	Commercial adoption, licensing and domestic value addition.
Jobs reported	Employment attributed to recognised enterprises.	Retention, real wages, skills, formalisation and social protection.

WEAK

India has lakhs of startups and many unicorns. Therefore startups have solved unemployment and made India an innovation leader.

STRONG

DPIIT reported over 2.23 lakh recognised startups and 23.36 lakh direct jobs by March 2026. This demonstrates substantial enterprise formation, but sustained economic value requires firms that retain workers, commercialise innovations and survive beyond successive funding rounds.

1.3 The structure

The question has **three explicit demands**, in a fixed order: contribution, challenges and measures. The hidden demand becomes a **short fourth part**, not a replacement for any of the three. The shares below apply to the body between introduction and conclusion. They are a teaching guide, not a UPSC rule.

How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

Introduction	1. Contributions about three-tenths	2. Challenges about three-tenths	3. Measures about three-tenths	4. Outcomes about one-tenth	Conclusion

Part 1 How startups promote entrepreneurship, innovation and employment about three-tenths

Entrepreneurship	New founders, women and smaller-city enterprise formation, wider access to customers and capital.
Innovation	New products, process improvements and business models; fintech, agritech, healthtech and space.
Employment	Direct jobs, supplier opportunities, skilled work and self-employment.
Wider contribution	Competition, productivity, market inclusion and domestic technological capability.

Part 2 Global and domestic challenges about three-tenths

Global finance and markets	Venture-capital cycles, geopolitical shocks, export barriers and currency exposure.
International competition	Large platforms, foreign intellectual property, cloud and semiconductor dependence.
Domestic regulation and finance	Early-stage funding gaps, collateral constraints, compliance costs and payment delays.
Talent, infrastructure and access	Advanced skills, testing facilities, smaller-city ecosystem gaps and customer acquisition.

Part 3 Suitable measures about three-tenths

Finance and markets	Seed funding, credit guarantees, patient capital, export facilitation and procurement access.
Regulatory support	Proportionate compliance, predictable rules, faster payments and effective grievance redressal.
Innovation capabilities	University-industry links, shared laboratories, IP support, testing and domestic technology.
Employment and sustainability	Skills, apprenticeships, better governance, viable business models and worker protection.

Part 4 From startup creation to sustainable outcomes about one-tenth

Beyond recognition	Survival, recurring revenue, profitability and productivity.
Beyond valuation	Commercialised IP, export competitiveness and lower technological dependence.
Beyond headline jobs	Retention, wages, formalisation and social security.

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1.4 How to present it

The best form is **headed points for contributions**, a **two-column global/domestic comparison for challenges**, and **matched remedy points**. This makes the three demands visible without wasting words on three long paragraphs. The model answer can retain compact headings for all four parts, while Part 2 explicitly distinguishes external and internal constraints. The final part should be only a few lines, because it tests the hidden demand rather than opening a fourth essay.

Form	Fit here	Reason
Headed points, challenge comparison, matched remedies	**Best**	All three explicit demands receive clear treatment, and each remedy can be linked to an identified obstacle.
Contribution-challenge-response matrix	Good	Shows relationships economically, but can crowd the distinct global and domestic dimensions.
Startup life-cycle flow	Good	Useful for explaining why different stages need different types of finance and support.
Scheme lists and unicorn statistics	Weak	May show awareness of policy but fails to explain mechanisms, assess challenges or propose matched solutions.

1.5 The introduction and the conclusion

The introduction serves the whole question. Present startups as engines of entrepreneurship, innovation and employment, with one grounded indicator of their scale, while signalling that sustaining these outcomes requires overcoming market, financing and institutional constraints. Do not begin with a dictionary definition when the question does not ask for one.

The conclusion settles the demand. State that finance, regulatory clarity, technological capability and market access must convert startup formation into viable businesses and durable, productive jobs. The conclusion should not merely repeat that startups are important for economic growth.

2 PYQ Intelligence 2013 to 2026

The question's policy and economic context in 2026, its place in UPSC's longer examination of competition, innovation, productivity and employment, and what to prepare next.

2.1 Why the subject was topical in 2026

The question came at the end of the first decade of **Startup India**. Official figures showed substantial growth in recognised enterprises and direct jobs, while policy revisions addressed deep-tech financing, recognition and credit access. At the same time, private funding data and the debate over employment quality raised questions about whether enterprise creation was translating into sustainable businesses. GS Paper III was held on **23 August 2026**. UPSC does not state why it sets individual questions; the developments below provide **context, not a claimed cause**. Every development listed predates the examination.

When	What happened	Why it matters for this question
16 January 2016	**Startup India** was launched with an Action Plan to encourage innovation, investment and startup formation. DPIIT recognition became an important gateway to specified government benefits.	The institutional origin of the ecosystem under examination.

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When	What happened	Why it matters for this question
18 November 2022	**Skyroot Aerospace's Vikram-S** successfully launched from Sriharikota, India's first privately developed launch vehicle to do so, following authorisation by IN-SPACe. Department of Space and PIB records confirm the launch.	A concrete Indian example of deep-tech entrepreneurship and commercial innovation.
9 May 2025	DPIIT notified expansion of the **Credit Guarantee Scheme for Startups (CGSS)**, raising the maximum guarantee cover per eligible borrower from **₹10 crore to ₹20 crore**, with revised guarantee coverage and reduced annual fees for specified sectors.	Credit access as a response to domestic financing constraints.
1 July and 3 November 2025	The Union Cabinet approved the **₹1 lakh crore Research, Development and Innovation (RDI) Scheme** on 1 July; it was formally launched on 3 November. It is designed to support private-sector R&D, including high-risk, high-impact technologies, over six years.	Patient research finance for innovation that cannot be funded like an ordinary consumer application.
15 to 16 January 2026	The Government marked **ten years of Startup India**. A PIB backgrounder reported over 2 lakh recognised startups by December 2025, with around half originating from Tier-II and Tier-III cities.	Entrepreneurship had expanded beyond the earliest metropolitan startup hubs.
29 January 2026	The **Economic Survey 2025-26** discussed India's innovation ecosystem; WIPO had ranked India **38th in the Global Innovation Index 2025**, up from **52nd in 2019**.	Evidence of improved national innovation performance, without attributing all improvement to startups.
4 February 2026	DPIIT's **G.S.R. 108(E)** revised recognition criteria. The ordinary startup turnover threshold became **₹200 crore** with a ten-year age limit; eligible **deep-tech startups** received a twenty-year age limit and ₹300 crore turnover threshold. Eligible cooperative societies were included.	Recognition criteria adapted to different enterprise types and the longer gestation of deep tech. The notification is dated 4 February; PIB explained it on 5 February.
13 to 14 February 2026	A DPIIT parliamentary reply published on **13 February** reported **2,07,135 recognised startups** and over **21.9 lakh direct jobs** as at 31 December 2025. On **14 February**, the Cabinet approved **Startup India Fund of Funds 2.0** with a proposed ₹10,000 crore corpus.	The contribution side of the question and the policy response to financing gaps.
17 March 2026	A DPIIT parliamentary reply reported **2,12,283 recognised startups** as at 31 January 2026, of which **1,02,054** had at least one woman director or partner. MCA records classified **6,789** recognised startups as closed.	Participation and survival must be assessed separately. Having a woman director or partner does not necessarily establish women ownership.
13 April 2026	Through **S.O. 1860(E)**, DPIIT formally notified **Startup India Fund of Funds 2.0** with a ₹10,000 crore corpus. The notified design supports deep tech, smaller venture funds, innovative manufacturing and other startups through eligible alternative investment funds.	An approved and notified financing framework, not a claim that the entire corpus had reached startups.

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When	What happened	Why it matters for this question
17 April 2026	DPIIT announced that more than **55,200 startups** had been recognised during FY 2025-26. Cumulative recognition exceeded **2.23 lakh** and reported direct jobs exceeded **23.36 lakh** as at 31 March 2026. Over **1.07 lakh** recognised startups had at least one woman director or partner.	The strongest official, dated evidence for enterprise expansion, employment and participation.
30 June 2026	Private startup-industry tracker **Inc42** estimated that Indian tech startups raised approximately **US$5.2 billion** across 501 deals in the first half of 2026, a 9% year-on-year decline in funding value. This is a private-market estimate, not a DPIIT statistic.	More enterprise formation can coexist with tighter funding conditions and selective investment.
11 August 2026	A Ministry of Commerce and Industry parliamentary reply reported **37,758 startups registered as sellers on GeM** as at 30 July 2026, alongside participation by MSMEs, women entrepreneurs and self-help groups.	Government procurement can widen market access, but seller registration alone does not establish sales or commercial viability.

Date discipline: the notification date, Cabinet approval date and implementation date are not interchangeable. Cumulative startup recognition is different from the number newly recognised during a financial year; a guarantee ceiling is different from a loan disbursal; and a scheme corpus is different from funds actually invested. The March 2026 and December 2025 employment figures refer to their respective reporting dates.

2.2 The skill UPSC keeps testing

The earlier questions do not form a series specifically on startups. They establish the **economic reasoning** required here: competitiveness after liberalisation (2013), employability and job creation (2014 and 2015), technological innovation (2015), globalisation and job quality (2016), labour-intensive production (2017), productivity with employment (2022), and the role of smaller enterprises in manufacturing (2023). The 2026 question brings these themes together at the **startup-enterprise level**, and adds global and domestic constraints with matched remedies. The questions below retain their original wording and question numbers.

Year	The question as UPSC set it	What it asked of you	What changed in 2026
2013 GS III, Q7	Examine the impact of liberalization on companies owned by Indians. Are they competing with the MNCs satisfactorily ? Discuss.	Competitiveness of Indian enterprises against multinational companies.	The same competition is examined for startups, including platforms, capital and technology.
2014 GS III, Q2	"While we flaunt India's demographic dividend, we ignore the dropping rates of employability." What are we missing while doing so? Where will the jobs that India desperately needs come from? Explain.	Employability, demographic dividend and sources of jobs.	Startups become one proposed source; the quality of those jobs remains important.
2015 GS III, Q1	The nature of economic growth in India in recent times is often described as jobless growth. Do you agree with this view ? Give arguments in favour of your answer.	Whether economic expansion translates into employment.	Startup expansion must also be judged by actual employment outcomes.
2015 GS III, Q12	What are the areas of prohibitive labour that can be sustainably managed by robots ? Discuss the initiatives that can propel research in premier research institutes for substantive and gainful innovation.	Technological change and institutions supporting useful innovation.	How startups commercialise research and build domestic capabilities.

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Year	The question as UPSC set it	What it asked of you	What changed in 2026
2016 GS III, Q1	How globalization has led to the reduction of employment in the formal sector of the Indian economy? Is increased informalization detrimental to the development of the country?	Globalisation, formal employment and informalisation.	International competition and platform-related work complicate startup employment claims.
2017 GS III, Q2	Account for the failure of manufacturing sector in achieving the goal of labour-intensive exports. Suggest measures for more labour-intensive rather than capital-intensive exports.	Export competitiveness and employment-intensive production.	Innovative manufacturing startups must combine productivity with wider employment.
2022 GS III, Q11	"Economic growth in the recent past has been led by increase in labour productivity." Explain this statement. Suggest the growth pattern that will lead to creation of more jobs without compromising labour productivity.	Reconciling productivity growth with employment creation.	Test whether innovation-led firms create productive, durable jobs.
2023 GS III, Q1	Faster economic growth requires increased share of the manufacturing sector in GDP, particularly of MSMEs. Comment on the present policies of the Government in this regard.	Smaller enterprises, manufacturing and policy support.	Distinguish DPIIT-recognised startups from MSMEs while examining their contribution and financing needs.

Also related, verbatim: 2023 GS III, Q11: Most of the unemployment in India is structural in nature. Examine the methodology adopted to compute unemployment in the country and suggest improvements. 2025 GS III, Q14: Examine the scope of the food processing industries in India. Elaborate the measures taken by the government in the food processing industries for generating employment opportunities.

CARRY THIS METHOD TO ANY "ENTERPRISE CONTRIBUTION, CHALLENGES AND REMEDIES" QUESTION

1. **Identify** what the enterprise contributes, separating entrepreneurship, innovation, employment and wider economic benefits.
2. **Demonstrate** each contribution with a mechanism and one credible example or indicator.
3. **Classify** constraints by their origin: global or domestic, financial or non-financial.
4. **Match** each important constraint with a realistic policy, institutional or business response.
5. **Test** whether the proposed responses improve survival, productivity, competitiveness and job quality.
6. **Conclude** with the economic outcome, not the count of enterprises created.

2.3 What to prepare next

INSTITUTIONS, SCHEMES AND POLICY

DPIIT recognition	G.S.R. 108(E), 4 February 2026: up to ten years and ₹200 crore turnover for ordinary startups; twenty years and ₹300 crore for eligible deep-tech startups.
Startup India	Launched 16 January 2016; recognition, mentorship, innovation and investment support.
FFS and FoF 2.0	SIDBI-supported venture-capital model through AIFs; FoF 2.0 notified 13 April 2026 with ₹10,000 crore corpus.

IDEAS AND DISTINCTIONS

Startup versus MSME	Different classification systems. Startup recognition focuses on innovation or scalable employment and wealth creation; MSME classification concerns investment and turnover.
Seed, venture and debt finance	Different instruments for validation, scaling and working capital; a grant, equity investment and guarantee are not interchangeable.
Deep tech	Research-intensive innovation with technical uncertainty, intellectual property, high capital needs and long gestation periods.

How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

SISFS	₹945 crore scheme, operational from 1 April 2021; incubator-mediated support for proof of concept through market entry.
CGSS	Loan guarantee mechanism for eligible financial institutions; maximum guarantee cover increased to ₹20 crore in May 2025.
RDI Scheme	₹1 lakh crore over six years; Cabinet approval 1 July 2025; launch 3 November 2025.
GeM Startup Runway	Government market access and exemptions from specified prior experience and turnover requirements, subject to applicable conditions.

Unit economics	Revenue earned from an additional customer or transaction compared with the directly associated cost.
Productivity versus jobs	Innovation can increase output per worker without automatically increasing labour demand.
Direct versus platform work	Payroll employment is different from independent, contractual or gig work facilitated by a platform.
Survival versus valuation	Funding valuations reflect expectations; business survival requires sustained capacity to meet obligations and serve customers.

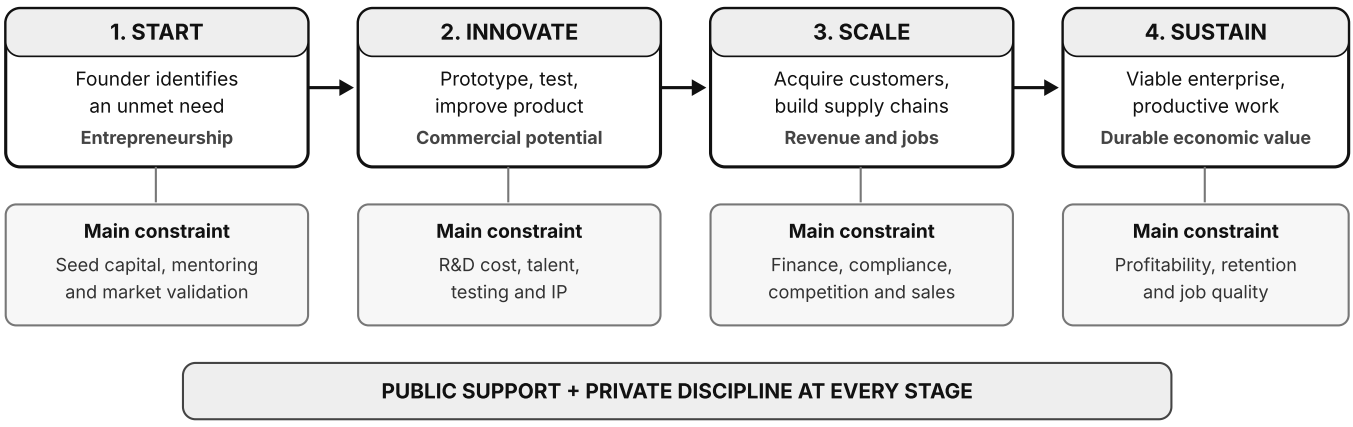
3 Additional information

Everything needed to answer this question well. Tier 1 covers the three explicit demands and the hidden test of sustainability. Tier 2 places the startup ecosystem within wider questions of innovation policy, market structure, financial discipline and employment quality.

TIER 1 · ESSENTIAL: CONTRIBUTIONS, GLOBAL AND DOMESTIC CHALLENGES, AND MATCHED REMEDIES

The startup pathway: from an idea to durable economic value

A startup's contribution is not established at incorporation. It develops through a chain of decisions, each exposed to a different constraint. This is the simplest diagram to draw in the examination when a process-based answer is preferred.



Teaching diagram, not an official government process. The steps show why a single policy instrument cannot serve every startup equally and why the last stage is the hidden demand.

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How startups contribute to India's economy

Contribution	Mechanism	Indian evidence or example
1. Entrepreneurship	New ventures let founders commercialise ideas, discover demand and organise production without depending solely on established companies. Incubators, payment infrastructure and digital markets can reduce entry barriers. New opportunities extend to women and entrepreneurs outside metropolitan centres.	**DPIIT:** over 2.23 lakh recognised startups by 31 March 2026; over 1.07 lakh had at least one woman director or partner. PIB's January 2026 backgrounder placed around half of recognised startups in Tier-II and Tier-III cities.
2. Innovation	Startups experiment with products, services, processes and business models. Fintech improves payment and credit interfaces; agritech connects information and markets; healthtech develops diagnostics and delivery systems; deep tech can commercialise laboratory research.	**Skyroot Aerospace:** successful Vikram-S launch, 18 November 2022. This shows research-intensive innovation; fintech built around India's digital payment infrastructure illustrates service and business-model innovation.
3. Employment	Direct hiring creates work for engineers, technicians, sales workers and operations staff. Procurement creates indirect demand for suppliers, logistics and professional services. Platform businesses can facilitate additional earning opportunities, though these need not be conventional payroll jobs.	**DPIIT:** more than 23.36 lakh direct jobs reported by recognised startups as at 31 March 2026. The figure should not be represented as an independently measured count of permanent employment.
4. Wider economic contribution	New entrants challenge incumbents, support productivity, expand consumer choice, use under-served markets and potentially reduce import dependence through domestic research and manufacturing.	**Economic Survey 2025-26:** India's Global Innovation Index rank reached 38th in 2025. This is a national innovation indicator, not a measurement of startups' isolated contribution.

Innovation has several forms. A space launch vehicle may represent research-intensive technological innovation. A payment interface or agricultural marketplace may primarily innovate in delivery, access, information or business organisation. UPSC's term "innovation" is broad enough for both, but originality should not be exaggerated.

Employment has several forms. Payroll jobs, supplier jobs, founder self-employment and platform-mediated work have different contractual relationships. The answer may mention all four, but official direct-employment counts must not be inflated by assuming that every indirect or gig worker is a direct employee.

Global and domestic challenges: the distinction the question requires

Challenge	How it affects startup operations	Why it is significant
GLOBAL: investment and macroeconomic uncertainty	Changes in global risk appetite, interest rates and cross-border capital flows can reduce funding or delay later rounds. Geopolitical tensions can affect energy, logistics, investor sentiment and supply chains.	Firms dependent on repeated equity rounds may cut research, expansion or staff before reaching commercial viability. Inc42 estimated a 9% annual fall in Indian tech startup funding during H1 2026.
GLOBAL: competition and market entry	Large multinational platforms possess established distribution, datasets, infrastructure and capital. Exporting startups also encounter foreign product standards, certification, taxation, data rules and intellectual-property risks.	Competitive domestic products may still struggle to acquire global customers or meet the cost of international compliance.

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Challenge	How it affects startup operations	Why it is significant
GLOBAL: technological dependence	Advanced semiconductors, fabrication equipment, specialised cloud infrastructure, proprietary software and AI platforms may depend on concentrated overseas suppliers.	Foreign pricing, supply restrictions or licensing conditions can affect the economics and autonomy of Indian technology ventures.
DOMESTIC: financing gaps	Innovative firms may lack collateral, positive cash flows or a demonstrated market. Deep-tech research has long gestation, while revenue-generating businesses can face working-capital shortages.	The early-stage funding gap and later-stage financing needs are not solved by one conventional bank loan or venture-capital model.
DOMESTIC: regulatory and institutional costs	Founders navigate incorporation, taxation, sectoral licences, labour obligations, data protection, contracts and different State-level rules. Unpredictable interpretation or delayed approvals can increase compliance costs.	Smaller enterprises have fewer legal and administrative resources. Compliance should be proportionate without weakening consumer, worker or data protection.
DOMESTIC: talent and infrastructure	Scarcity of advanced technical, product-management and commercialisation skills combines with uneven laboratory access, testing facilities, reliable logistics and specialist incubation.	A strong idea may fail before scaling if it cannot be tested, certified, manufactured or staffed efficiently.
DOMESTIC: market access and unit economics	New firms face costly customer acquisition, entrenched distributors, slow procurement, payment delays and competition that can force unsustainable discounts.	Rapid user growth without adequate revenue per transaction may deepen losses rather than create a self-sustaining business.

Which measure answers which challenge

Named constraint	Suitable measure	Existing instrument or next reform
Prototype-stage capital shortage	Expand incubator-mediated seed grants, proof-of-concept support, transparent selection and milestone-based assistance.	**SISFS:** ₹945 crore corpus; operational from 1 April 2021. Add better mentoring and commercially oriented selection.
Growth capital and collateral gaps	Mobilise institutional domestic venture capital and appropriately priced venture debt; use guarantees for viable eligible borrowers.	**FFS, FoF 2.0 and CGSS.** FoF investment is channelled through AIFs; CGSS provides guarantees to eligible lenders, not an automatic direct grant to founders.
High-risk research and long gestation	Provide patient finance, shared laboratory infrastructure, testing facilities, industry-university collaboration and research commercialisation support.	**RDI Scheme:** ₹1 lakh crore over six years; **FoF 2.0** targets deep-tech venture funds; February 2026 recognition criteria allow longer deep-tech eligibility.
Export barriers and overseas competition	Strengthen standards certification, export credit, cross-border legal assistance, market intelligence and reciprocal innovation partnerships. Diversify overseas markets.	Export facilitation, relevant trade agreements, Startup India international engagement and sector-specific export support.
Costly or uncertain compliance	Provide clear sector-wise rules, interoperable filing systems, predictable tax administration, compliance guidance and time-bound approvals.	Build upon digital incorporation and Startup India self-certification facilities, preserving essential safeguards.

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Named constraint	Suitable measure	Existing instrument or next reform
Difficulty securing first customers	Use public procurement as an initial market, standardise pilot contracts and pay suppliers promptly. Link startups with established firms and export buyers.	**GeM Startup Runway** and applicable prior-turnover and experience relaxations, subject to quality and technical conditions.
Specialised talent and smaller-city gaps	Link engineering colleges, universities, ITIs and research laboratories with regional incubators; fund apprenticeship and technology-extension networks.	Atal Innovation Mission, university incubators, research programmes and State startup missions, with measurable capability outcomes.
Weak viability and insecure work	Prioritise customer retention, sustainable margins, governance, worker skills, fair contracts and applicable social protection.	Use firm-survival and job-quality indicators in ecosystem evaluation; align platform-work practices with the applicable legal framework.

Funding architecture: know exactly what the schemes do

Instrument	Design and verified position before the examination	How to use it in the answer
Fund of Funds for Startups (FFS 1.0)	The 2016 scheme uses **SIDBI** to support eligible SEBI-registered AIFs, which invest in startups. A DPIIT parliamentary reply published 17 March 2026 reported approximately **₹25,859 crore invested by supported AIFs** as at 31 January 2026.	Show how public commitments can mobilise private equity investment. Do not describe SIDBI as making all these investments directly into startups.
Startup India Seed Fund Scheme	Announced 16 January 2021, notified 21 January 2021, operational from **1 April 2021** and formally launched on 19 April 2021. The scheme has a **₹945 crore** corpus for early-stage support through selected incubators.	Remedy for the financing gap before a prototype, successful trial or proven business model.
Credit Guarantee Scheme for Startups	Supports credit extended by eligible lenders to recognised startups. The expansion notified **9 May 2025** raised the guarantee ceiling to **₹20 crore per eligible borrower** and revised coverage by loan size.	Remedy for credit access where startups lack conventional collateral. Guarantees reduce lender risk; they do not remove the borrower's obligation to repay.
Research, Development and Innovation Scheme	Approved **1 July 2025**, launched **3 November 2025**, with **₹1 lakh crore** over six years to incentivise private-sector research. A July 2026 DST parliamentary reply reported funding and project approvals under the implementation framework.	Patient, research-oriented finance for uncertain and capital-intensive technology development.
Startup India FoF 2.0	Cabinet approval **14 February 2026**; notified **13 April 2026** as S.O. 1860(E), with a **₹10,000 crore** corpus. It targets deep tech, early growth through smaller AIFs, technology-driven innovative manufacturing and other startups.	Use as an institutional response to growth and deep-tech financing gaps. Do not present the entire corpus as already invested or disbursed.
GeM and Startup Runway	Government e-Marketplace permits startup sellers and offers specified exemptions from prior experience and turnover requirements. GeM reported **over ₹19,000 crore in startup procurement during FY 2025-26**, in its official release of 16 May 2026.	Market access can matter as much as capital. A first paying customer validates commercial demand.

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Do not confuse instruments: SISFS supports early-stage activities through incubators; FFS invests through AIFs; CGSS guarantees eligible loans; RDI supports eligible research and innovation financing; public procurement creates demand. They address different barriers, and access remains subject to scheme-specific conditions.

Startup recognition: an essential 2026 legal distinction

Recognition category	Ordinary startup	Deep-tech startup
Primary notification	**G.S.R. 108(E), 4 February 2026**, Ministry of Commerce and Industry, DPIIT.	
Age limit	Up to **10 years** from incorporation or registration.	Up to **20 years** from incorporation or registration.
Turnover threshold	Not exceeding **₹200 crore** in the relevant financial year under the notification.	Not exceeding **₹300 crore** under the applicable deep-tech provision.
Core criterion	Innovation, development or improvement of products, processes or services, or a scalable model with high potential for employment or wealth creation.	Additional scientific or engineering novelty, substantial R&D intensity, significant IP and high technical uncertainty or long development cycles.
Eligible entity forms	Private limited companies, registered partnership firms, LLPs and eligible cooperative societies, subject to the notification.	
What recognition is not	It is not automatic tax exemption, guaranteed finance, proof of profitability or an exemption from all statutory obligations.	

Why February 2026 matters. A conventional software venture may validate a product relatively quickly. A semiconductor, advanced materials or biotechnology venture may require years of research, certification and capital expenditure. The separate deep-tech criteria recognise that these models operate on different commercial timescales.

Why the legal categories matter. An ordinary MSME need not qualify for DPIIT startup recognition. Conversely, a recognised startup may also qualify as an MSME if it meets the separate MSME classification criteria. Neither status should be substituted for the other in a statement about eligibility, statistics or policy benefits.

TIER 2 · EXTENDED UNDERSTANDING: THE WHOLE TOPIC AROUND IT

Where the ecosystem has advanced

1. **Scale and inclusion:** DPIIT's March 2026 figures demonstrate extensive growth in recognised firms, and the reported presence of women directors or partners shows wider participation.
2. **Geographical spread:** the January 2026 Startup India backgrounder placed around half of recognised startups in Tier-II and Tier-III cities.
3. **Sectoral breadth:** startups now operate across digital services, agriculture, manufacturing, healthcare, mobility, clean energy and research-intensive technologies.
4. **Technical capability:** Skyroot's Vikram-S launch illustrates the ability of private Indian enterprises to undertake complex engineering work.
5. **Capital architecture:** seed funds, AIF-based venture financing, credit guarantees and the RDI Scheme recognise different capital requirements.

Where outcomes remain uncertain

1. **Long-term survival:** recognition figures do not form a complete, independently verified survival-rate series for startup cohorts.
2. **Commercialisation:** prototypes and patents may not become products with sustained customer demand.
3. **Capital concentration:** investors may favour locations, sectors and founders with established networks; equitable access needs separate measurement.
4. **Global dependence:** domestic application development can still rely on imported chips, cloud services, equipment or proprietary technology.
5. **Business discipline:** user acquisition financed by continuing discounts may become unsustainable when investment slows.
6. **Employment quality:** headline jobs do not reveal contractual security, wages, retention, skills or social protection.

How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

6. **Public-market access:** GeM's startup procurement demonstrates a route to actual transactions rather than grants alone.

Why finance alone cannot fix the ecosystem

A startup can fail despite receiving finance if the product does not solve a real customer problem, the price cannot cover long-run costs or the team cannot execute. Conversely, a technically promising enterprise may be commercially delayed because a testing laboratory, regulatory approval or first institutional customer is unavailable. Therefore policy must address **capital, capability, competition and customers together**. Financing should be appropriate to business stage: seed support for validation, patient equity or research finance for deep tech, and carefully assessed credit for viable enterprises with repayment capacity.

Public support also creates an accountability question. A grant can encourage experimentation when private investors are unwilling to bear early uncertainty. However, indiscriminate subsidies may keep non-viable firms operating or favour well-connected applicants. Transparent criteria, independent assessment, milestone reporting and meaningful exit rules help preserve both innovation and responsible public spending.

The global dimension: exposure without isolation

Indian startups increasingly interact with global investors, suppliers, customers and technology platforms. That integration provides capital, export demand, research collaboration and access to specialised technologies. It also exposes firms to **foreign financial cycles, geopolitical disruption, international competition, intellectual-property disputes and regulatory fragmentation**.

The appropriate response is not technological isolation. India should strengthen **domestic research and diversified supply chains** while preserving access to international knowledge, capital and markets. Export facilitation, trusted technology partnerships, standards compliance and domestic institutional investment can improve resilience without cutting startups off from global innovation networks.

Employment quality and the productivity question

Startups may create skilled direct employment in software, design, research and manufacturing. They may also expand logistics, support services and self-employment opportunities. Yet automation and digital business models can generate large output with relatively small direct workforces. Labour-intensive services may generate more jobs but expose workers to insecurity or variable earnings. Neither outcome should be presumed from the number of startups established.

The stronger policy objective is **productive employment**: workers acquire marketable skills, produce greater value and obtain reasonable contractual protection. For measurement, examine the number and duration of jobs, wage progression, formalisation, retention and access to social security alongside firm survival and productivity. This follows the economic reasoning already tested by UPSC in 2015 and 2022.

Two debates worth knowing

Should the State choose startup winners?

One argument supports targeted assistance to deep tech, clean energy and strategic manufacturing, where private investors may underfund research with long gestation periods or broad social benefits. The opposing concern is that discretionary selection can misallocate capital and protect weak businesses. The balanced position is **targeted support with competitive selection, transparent milestones and independent evaluation**, not permanent protection from market discipline.

Does rapid startup growth mean quality employment?

One view credits startups with enterprise formation, new skills and opportunities beyond conventional salaried jobs. Another points to automation, volatile venture funding and insecure platform work. Both observations can hold simultaneously. The balanced position is to judge startups by **survival, productivity and the durability and quality of employment**, rather than registration counts or valuations alone.

How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

4 Pitfalls and variations

The six mistakes most likely to weaken this answer, the claims never to make, and the structural changes required when the question is framed differently.

4.1 Six pitfalls, each with its correction

Only celebrating startup growth

~~India has many startups, unicorns and entrepreneurs. They are creating a new economy.~~

Use one verified measure of growth, then explain separately the mechanisms for entrepreneurship, innovation and employment.

Mixing global and domestic constraints

~~Startups face funding, regulation, competition, infrastructure and technology problems.~~

Separate external venture-capital cycles, global competition and technological dependence from domestic collateral, compliance, talent and market-access constraints.

Measures unrelated to problems

~~The Government should encourage innovation, provide funds and simplify regulations.~~

Match remedies precisely: seed funding for prototypes, patient finance for deep tech, credit guarantees for eligible loans, GeM for market access and laboratories for testing gaps.

Confusing policy announcements with outcomes

~~FoF 2.0 has already given ₹10,000 crore to startups.~~

It was notified on 13 April 2026 with a ₹10,000 crore corpus for an AIF-based financing mechanism. A notified corpus is not evidence of completed investment.

Equating innovation with an app or employment with gig work

~~Every new application is a deep-tech invention, and all platform workers are permanent startup employees.~~

Distinguish product, process and business-model innovation from research-intensive deep tech; distinguish payroll, indirect, self-employed and platform-mediated work.

Ignoring sustainability

~~More startup registrations will automatically generate more jobs and economic growth.~~

Give the hidden demand a short final part on firm survival, commercial viability, productivity, worker retention and job quality.

4.2 Never write these

- "All Indian startups are technology companies."
  DPIIT's recognition framework includes innovation and scalable business models; eligibility is not confined to software or deep technology.
- "The Startup India Seed Fund Scheme gives ₹945 crore directly to every eligible startup."
  ₹945 crore is the scheme corpus; support is channelled through selected incubators and subject to conditions.
- "SIDBI's Fund of Funds directly funds every recognised startup."
  The FFS model commits capital to eligible AIFs, which select and invest in startups.
- "Deep-tech startup recognition lasts ten years with a ₹100 crore turnover limit."
  G.S.R. 108(E), dated 4 February 2026, introduced twenty-year and ₹300 crore thresholds for eligible deep-tech startups; ordinary startups have ten-year and ₹200 crore limits.

How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

- "India's 23.36 lakh startup jobs are all permanent, high-paying jobs."
  The March 2026 DPIIT figure concerns reported direct jobs and does not establish job permanence, wages or social protection.
- "The presence of a woman director means the startup is woman-owned."
  Director or partner participation and beneficial ownership are different indicators.
- "The number of closed recognised startups gives India's startup failure rate."
  MCA closure records and cumulative DPIIT recognition are not, without consistent cohort and time definitions, a valid survival-rate calculation.
- "DPIIT-recognised startups and registered MSMEs are the same category."
  They arise from different definitions, institutions and eligibility frameworks, although a firm may satisfy both.

4.3 If the question changes

If it asks	The structure becomes	What must change
Critically evaluate the success of Startup India	Objectives; verified achievements; gaps; effectiveness of schemes; outcome-based judgment	Greater attention to attribution, implementation and the difference between policy targets and outcomes.
Role of startups in **employment generation**	Direct, indirect and self-employment; productivity; job quality; constraints; measures	Employment becomes the largest part; innovation is included only where it explains jobs.
Challenges facing **deep-tech startups**	Research and commercialisation; finance, IP, testing and talent gaps; institutional measures	Use Skyroot, RDI, FoF 2.0 and the February 2026 deep-tech recognition criteria.
Startup India versus MSME development	Definitions; overlapping roles; different financing and regulatory needs; complementary policy	Distinguish legal categories carefully and avoid applying one category's figures to the other.
India's startup ecosystem in the context of **global competition**	International opportunities; foreign financing and technology risks; comparative strengths; resilience strategies	Increase weight on export markets, IP, international standards, investment and supply-chain dependence.
Whether startups cause **jobless growth**	Innovation-productivity relationship; types and quality of employment; evidence; policy response	Test employment intensity and wage outcomes rather than relying on the number of firms.
The same topic for **10 marks**	Two contribution points; global and domestic challenges; three matched remedies; one-line judgment	Reduce supporting detail while retaining every explicit demand.
The same topic for **20 marks**	Sector-wise contributions; differentiated global and domestic constraints; lifecycle-based policies; outcome evaluation	Add more evidence, scheme distinctions, cases and the two central debates, while retaining balance.

How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

5

The model answer

One model answer, written to the UPSC Gurus house range of 250 to 253 words (**252 words exactly, including section numerals, headings, point labels and table cells**; UPSC's printed limit is 250 words). It uses headed points to explain entrepreneurship, innovation, employment and wider economic contributions; a compact global-versus-domestic comparison for the challenges; and problem-matched measures. A short fourth part addresses the hidden demand of sustainable enterprises and durable employment. The introduction covers the entire question; the conclusion settles its demand.

Model answer ## Headed points, challenge comparison and matched remedies **252 words**

Indian startups expand economic opportunity by turning unmet needs into enterprises, commercialising innovation and generating employment. Yet durable outcomes require competitive markets, finance and institutional support.

1. Contributions

- **Entrepreneurship:** Digital markets, incubators and venture finance lower entry barriers, including for women and smaller-city founders.
- **Innovation:** Fintech improves transaction access; agritech links farmers with markets; Skyroot's Vikram-S demonstrated private space technology.
- **Employment:** Startups hire skilled and operational workers, support suppliers and facilitate self-employment. DPIIT reported over 23.36 lakh direct jobs by March 2026.
- **Productivity:** New entrants spur competition, reach underserved consumers and develop domestic technological capability.

2. Global and domestic challenges

Global	Volatile venture funding, trade barriers, foreign platform dominance and dependence on imported chips, cloud services and intellectual property constrain scaling.
Domestic	Scarce patient capital, collateral gaps, complex compliance, payment delays, uneven laboratories, skill shortages and costly customer acquisition threaten survival.

3. Suitable measures

- **Finance and markets:** Expand seed support, patient deep-tech investment, credit guarantees and GeM procurement; facilitate exports and standards certification.
- **Regulation:** Streamline proportionate compliance, clarify sectoral rules and enforce timely payments.
- **Capabilities:** Connect universities, incubators and industry through shared laboratories, intellectual-property assistance and advanced-skills apprenticeships.
- **Employment:** Encourage governance, viable unit economics, formal jobs and appropriate worker protection.

4. Sustainable outcomes

Judge success by surviving firms, commercialised technologies, profitability, worker retention and job quality, not registrations or unicorn valuations alone. Assess inclusion across regions and social groups.

India needs an ecosystem that converts entrepreneurial experimentation into globally competitive enterprises and productive, lasting employment through financing, fair regulation and technological capacity.

How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

DEMAND
Explain how startups promote entrepreneurship, innovation and employment; distinguish global and domestic operating challenges; suggest directly matched measures

HIDDEN DEMAND
Startup expansion must be judged by enterprise survival, commercialised innovation, financial sustainability and durable, productive employment, not registrations alone

STRUCTURE
About three-tenths each on contributions, global and domestic challenges, and suitable measures; a short final part on sustainable enterprise and employment outcomes

BALANCE
Introduction 26 words, conclusion 23 words; 252 words in all

Why it works: The introduction captures the three economic contributions and the conditions needed to sustain them. Part 1 explains **entrepreneurship, innovation, employment and productivity** through mechanisms, with Skyroot's 2022 Vikram-S launch and DPIIT's March 2026 employment figure providing concrete evidence. Part 2 distinguishes **global** financing, competition and technological dependence from **domestic** finance, regulation, infrastructure, talent and market-access constraints. Part 3 directly matches remedies to those problems, using seed support, patient deep-tech finance, credit guarantees, GeM procurement, regulatory clarity, institutional collaboration and employment safeguards. Part 4 addresses the hidden demand by shifting evaluation from startup registrations and valuations to **survival, commercialisation, profitability and durable jobs**. The conclusion links competitive enterprises with sustainable employment, completing the question rather than merely praising startups.

6 Other ways to write it

The model answer above remains the answer. These alternative outlines show how the same question could be answered without changing its explicit demands, their order or the small final judgment on sustainability.

Approach	How it is built	When it works
Contribution-challenge-response matrix	Four contribution rows: entrepreneurship, innovation, employment and productivity. Each is linked to a significant global or domestic barrier and a suitable response. End with a short sustainability judgment.	When you want clear relationships between the opportunities startups create, the barriers they encounter and the interventions required.
Startup life-cycle answer	Begin with entrepreneurship, innovation and employment. Organise challenges and measures around **ideation, validation, commercialisation and scaling**. Connect seed finance to prototypes, research capital to deep tech and market access to scaling. End with enterprise survival.	When you understand why startups need different kinds of support at different stages of development.
Evidence-led opening	Introduce the March 2026 DPIIT figures: over 2.23 lakh recognised startups and 23.36 lakh reported direct jobs. Explain the mechanisms behind these contributions, separate global and domestic challenges, and give matched solutions. Conclude by distinguishing reported growth from sustained outcomes.	When you want a grounded opening that connects the ecosystem's scale to the question of actual economic contribution.
For a 10-mark variation	Use two compact contribution points, one global-versus-domestic challenge comparison and three matched measures. Retain a one-line judgment on viability and employment quality.	When the word limit is 150 rather than 250. Reduce examples and supporting detail, not the number of demands answered.
For a deep-tech variation	Begin with scientific innovation and its employment potential. Explain long research cycles, imported technology, specialised talent, IP and patient-capital gaps. Use the February 2026 recognition revision, RDI Scheme and FoF 2.0 as policy responses.	When the wording shifts from startups generally to research-intensive and strategically important technological enterprises.

How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

7 Quick recall and Prelims crossover

Sixteen verified facts for rapid revision, objective questions and precise evidence in Mains answers. Figures are tied to their reporting dates, and scheme corpora are distinguished from actual disbursements.

1. **Startup India:** launched **16 January 2016**, with an Action Plan to promote innovation, entrepreneurship and investment.
2. **Startup recognition revision:** DPIIT notification **G.S.R. 108(E)**, dated **4 February 2026**.
3. **Ordinary DPIIT-recognised startup:** maximum age **10 years**; turnover threshold **₹200 crore** under the February 2026 notification.
4. **Deep-tech startup:** maximum age **20 years**; turnover threshold **₹300 crore** under G.S.R. 108(E).
5. **Recognised startups:** over **2.23 lakh** as at **31 March 2026** (DPIIT; PIB release, 17 April 2026).
6. **Direct jobs:** more than **23.36 lakh** reported by DPIIT-recognised startups as at **31 March 2026**.
7. **Women's participation:** over **1.07 lakh** recognised startups had at least one woman director or partner by **31 March 2026**; this is not necessarily women ownership.
8. **New recognition during FY 2025-26:** more than **55,200** startups, the highest annual number since Startup India's launch (DPIIT).
9. **SISFS: ₹945 crore** scheme corpus; operational from **1 April 2021**; financial support is routed through selected incubators.
10. **CGSS:** maximum guarantee cover increased from ₹10 crore to **₹20 crore** per eligible borrower, notified **9 May 2025**.
11. **Fund of Funds for Startups: ₹10,000 crore** corpus, launched in **2016**; SIDBI-supported investment through eligible SEBI-registered AIFs.
12. **Startup India FoF 2.0: ₹10,000 crore** corpus; Cabinet approval **14 February 2026**; notified **13 April 2026**.
13. **RDI Scheme: ₹1 lakh crore** over six years; approved **1 July 2025**; launched **3 November 2025**.
14. **GeM startup procurement:** startup sellers secured orders worth more than **₹19,000 crore** during **FY 2025-26** (GeM, May 2026).
15. **Vikram-S:** India's first privately developed launch vehicle successfully launched from Sriharikota on **18 November 2022** (Skyroot; ISRO).
16. **Global Innovation Index:** India ranked **38th in 2025**, compared with **52nd in 2019** (WIPO, GII 2019 and 2025).

THE ONE SENTENCE TO CARRY OUT OF THIS DOCUMENT

India's startup success lies not merely in creating new enterprises, but in helping them innovate, compete, survive and generate productive, durable employment.

How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

8 Write it yourself

Write the answer within the printed 250-word limit, without looking back, then check whether it satisfies every demand and the hidden test of sustainability.

	Check	Yes / No
1	Does the introduction address **entrepreneurship, innovation, employment and the need to sustain these contributions**, rather than merely defining a startup?	
2	Does Part 1 explain **how** startups contribute through enterprise formation, innovation, employment and wider economic gains, supported by a credible Indian example or verified statistic?	
3	Are **global challenges**, including finance, competition and technological dependence, clearly distinguished from **domestic challenges**, including regulation, finance, talent and market access?	
4	Does every important proposed measure **answer an identified constraint**, with correct references to seed finance, credit guarantees, procurement, research support or institutional reform?	
5	Is there a short final part on **enterprise survival, commercialised innovation, financial sustainability and employment quality**, rather than startup counts alone?	
6	Does the conclusion deliver a **clear judgment** on converting entrepreneurship into viable enterprises and productive employment, at approximately the length of the introduction?	
7	Is the answer **250 words or a little over**, counting headings and labels, with all dates and figures anchored to their reporting periods and none of the unsupported claims in section 4.2?	

Sources

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- **DPIIT:** Government recognition and direct-employment statistics as at 31 March 2026; release dated 17 April 2026 reporting more than 55,200 newly recognised startups during FY 2025-26, cumulative recognition exceeding 2.23 lakh, direct jobs exceeding 23.36 lakh and over 1.07 lakh recognised startups having at least one woman director or partner. pib.gov.in
- **DPIIT, parliamentary replies:** release of 13 February 2026 reporting 2,07,135 recognised startups and over 21.9 lakh direct jobs as at 31 December 2025; release of 17 March 2026 reporting 2,12,283 recognised startups, 1,02,054 with at least one woman director or partner, and 6,789 entities classified by MCA as closed as at 31 January 2026. pib.gov.in; pib.gov.in
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- **DPIIT:** Startup India Seed Fund Scheme, operational from 1 April 2021, with a ₹945 crore corpus, selected-incubator mechanism and specified early-stage purposes. Parliamentary reply dated 23 December 2022 and the official scheme background document. pib.gov.in; static.pib.gov.in
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How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

- **Union Cabinet and DPIIT:** Startup India Fund of Funds 2.0, Cabinet approval dated 14 February 2026; notification dated 13 April 2026 establishing a ₹10,000 crore corpus for commitments to eligible AIFs; operational guidelines issued 25 April 2026. pib.gov.in; pib.gov.in; pib.gov.in
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- **Government e-Marketplace, Ministry of Commerce and Industry:** GeM Incorporation Day release of 16 May 2026 reporting startup procurement exceeding ₹19,000 crore in FY 2025-26; parliamentary reply dated 11 August 2026 reporting 37,758 startup sellers registered as at 30 July 2026. pib.gov.in; pib.gov.in
- **Indian Space Research Organisation and Department of Space:** Mission Prarambh, the successful Vikram-S suborbital launch by Skyroot Aerospace on 18 November 2022 from Satish Dhawan Space Centre, authorised by IN-SPACe and facilitated by ISRO. isro.gov.in; isro.gov.in
- **Economic Survey 2025-26, Ministry of Finance:** released 29 January 2026; analysis of technological capability, innovation and industrial competitiveness. WIPO's Global Innovation Index 2019 and 2025 editions record India's rankings as 52nd and 38th, respectively: GII 2019, wipo.int; GII 2025, wipo.int. pib.gov.in; pib.gov.in
- **Inc42:** Indian Tech Startup Funding Report, H1 2026, published 30 June 2026. The private tracker estimated approximately US$5.2 billion raised across 501 deals, a 9% year-on-year reduction in funding value. This is a tracker-specific estimate, not a government statistic. inc42.com
- **UPSC, Civil Services (Main) Examination:** official previous-question-paper archive and GS Paper III 2026 question paper. Questions in section 2.2 are identified by year, paper and question number, with original question wording retained. upsc.gov.in; upsc.gov.in

How are startups in India promoting entrepreneurship, innovation and employment ? Discuss the global and domestic challenges in their working and suggest suitable measures to overcome these challenges.

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