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EVALUATION OF STARTUP DEVELOPMENT, EMPLOYMENT GENERATION, AND FUNDING UTILISATION UNDER THE STARTUP INITIATIVE IN INDIA

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Abstract:

Startup India, a flagship initiative of the Government of India, was launched by Prime Minister Narendra Modi on January 16, 2016, to promote entrepreneurship nationwide. The startup initiative is playing a significant role in increasing creativity, supporting women entrepreneurs, marginalised groups, and rural enterprises, while also generating employment, promoting equitable growth, making business more accessible, and raising India's competitiveness worldwide. After the US and China, India will have the third-largest startup ecosystem worldwide by 2025. In 2025, Maharashtra, Karnataka, Delhi, and Uttar Pradesh are the top-performing States/UTs in the Startup Ecosystem in India. The present study is descriptive and analytical in nature, based on secondary data. The objectives of the study are to examine the States/UTs-wise growth rate of startups recognised and employment created through the startup initiative in India, and to evaluate the status of States/UTs-wise funds allocated and funds utilised under the Startup India Seed Fund Scheme and Fund of Funds Scheme. To accomplish the objectives of the study, the required information and data were collected through secondary sources of information. Statistical methods such as ANOVA, Compound Annual Growth Rate, and Percentage Method have been applied for data analysis and results finding. The study found that overall, startups in India grew from 10,604 in 2019 to 34,779 in 2023 at a compound annual growth rate of 33.7 per cent, and employment grew from 1,23,071 in 2019 to 3,90,512 in 2023 at a compound annual growth rate of 32.5 per cent. Maharashtra (5,801) led in startup registrations, followed by Uttar Pradesh, Gujarat, Karnataka, and Tamil Nadu, while Delhi ranked first among UTs. Maharashtra received the highest funding under both the Seed Fund Scheme and the Fund of Funds, but utilisation efficiency was low, i.e. 37.76 per cent and 34.20 per cent. The study concludes that while India's startup ecosystem is expanding rapidly, growth and fund utilisation remain uneven across states and UTs. The study recommended that strengthening ecosystems, improving fund efficiency, and supporting emerging states are essential for equitable startup growth across the country.

Keywords: Startup, Fund Allocated, Fund Utilised, Entrepreneurship, States, UTS.

I. INTRODUCTION

Startup India, a flagship initiative of the Government of India, was launched by Prime Minister Narendra Modi on January 16, 2016, to foster entrepreneurship. The startup initiative is playing a significant role in increasing creativity, supporting women entrepreneurs, marginalised groups, and rural enterprises, while also generating employment, promoting equitable growth, making business more accessible, and raising India's competitiveness worldwide. Under the Startup India Initiative, any Indian citizen or registered entity with an innovative, expandable business under 10 years old and a turnover below ₹100 crore is eligible for entrepreneurship.

The Startup India Initiative funds equity support through the Fund of Funds scheme, provides simple bank loans through the Credit Guarantee Fund, and stimulates venture capital and angel investments through joint investments and tax incentives. Seed funding and research grants encourage initial product development and creative technologies; meanwhile, incubator funding provides mentorship, workspace, and connections for organised growth. Startup India funding is provided by Small Industries Development Bank of India, Department for Promotion of Industry and Internal Trade, Technology Development Board, Biotechnology Industry Research Assistance Council, Ministry

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of Science and Technology, Council of Scientific & Industrial Research, Defence Research and Development Organisation, and private investors. These cover all stages from seed raising funds to scaling.

Startups recognised by the DPIIT can benefit from a variety of tax benefits under the Startup India Initiative. They receive a 100% income tax exemption on profits for three consecutive years within the first ten years of establishment. Investors who support these firms benefit from capital gains tax exemptions if the earnings are reinvested, and startups are not taxed on premiums received beyond the face value of their shares. Furthermore, recognised startups are exempt from Dividend Distribution Tax and may receive GST and customs tax exemptions on qualified research and development expenses and imported equipment. These initiatives decrease financial burdens while encouraging innovation and investment.

In 2025, Maharashtra, Karnataka, Delhi, and Uttar Pradesh are the top-performing States/UTs in the Startup Ecosystem in India. After the US and China, India will have the third-largest startup ecosystem worldwide by 2025. With 64 unicorns, the country has made significant progress in startup investment, ranking third worldwide in terms of high-value startups and generating almost US$4.8 billion in the first half of 2025. Furthermore, with over 3,600 companies in industries like electronics and artificial intelligence, India is the sixth-largest nation in the world with advanced technology.

II. REVIEW OF LITERATURE

Venkatanarayana, Illuri. (2016) worked on **"**Startups in India-Sustainable Development" found that startups will create new job opportunities in India, the initiative will offer jobs in the long run, and the success of this program may happen with overcoming several difficulties, such as an inflexible licensing system, a lack of bank support, the absence of a tax holiday, etc. **Jain, Surbhi. (2016)** performed a study on "Growth of Startup Ecosystems in India" to know about the growth and prospects of Startup ecosystems in India. The study found that Indian markets remain unorganised and face challenges like unclear policies, poor communication, and limited awareness, etc. **Manshani, Sapna., and Dubey, Anjna. (2017)** carried out a study on "Startup Women in Startup India: A study of Women Entrepreneurs in India" to analyse the contribution of women startups in economic development, and to know the various factors responsible for encouraging women to become entrepreneurs. The study found that women's participation in India's startup ecosystem is increasing rapidly because of initiatives such as Startup India and Stand-Up India, which promote equality and entrepreneurship. Women are now motivated by innovation and ambition, with increased investor support. However, the majority of women-led firms are located in metropolitan areas, highlighting the importance of promoting entrepreneurship in rural communities through skill development and improved financial access. **Kumar, Mahesh., Narayan, Madhusudan., and Mohanty, Birajit. (2019)** undertook a study on "Growth Pattern and Trends in Startup Funding in India" to study the growth pattern of the startups and the stages of funding received by startups. The study revealed that Indian entrepreneurs mainly favour funding in four stages: early, growth, expansion, and bridge investment. The financial years' expansion phase saw the highest amount of funding. Bridge funding is increasingly common, accounting for about 10 per cent of transactions. Additionally, it is seen that following the initial testing period, the entrepreneurs obtain financial help from additional funding sources. **Banudevi, P.B., and Shiva, G. (2019)** worked on "Understanding the financing challenges faced by Startups in India" to explore the main difficulties facing startups in India and discuss the principal financing resources of startups in India. The study revealed that financing is still a significant obstacle for early-stage startups, particularly during recessions when credit is more stringent and initial investments are lower. In addition to raising investor expectations, rapid technical improvements have made it necessary for entrepreneurs to conduct thorough research before presenting their ideas. **Saha, Swarup., and Mandal, Srijita. (2020)** conducted a study on "Startup in India-An Overview" to understand the growth and development of startups in India, examine government initiatives, identify key challenges, and assess the impact of COVID-19 on the startup ecosystem. The study reported that

ISSN: 3107-6513

India's startup ecosystem is rapidly expanding, driven by educated young entrepreneurs and strong government support. The country is ranked third globally, with rising domestic and international investment, particularly in the technology sector, demonstrating global confidence in India's startups. **Anitha, and Veena. (2022)** carried out a study on "Challenges faced by Startup Entrepreneurs- A review study" to analyse the challenges faced by the startup entrepreneurs in India. The study found that startups generate creative ideas that greatly aid in the solution of numerous unanticipated societal issues. Despite the government's enormous efforts, businesses continue to face difficulties like competitiveness, lack of funding, lack of marketing opportunities, and digital illiteracy. The nation's biggest problem is unemployment, which can only be resolved by addressing the difficulties faced by young entrepreneurs. **Leelavathi, C. (2023)** executed a study on "Opportunities & Challenges of Startups in India". The study demonstrated that the Indian government is promoting economic growth through initiatives such as Make in India, Startup India, and MUDRA, which create numerous opportunities for businesses in industries such as food, energy, and information technology. Yet, despite their potential, startups confront significant financial, resource, and sustainability challenges. **Kumar, Chandan., and Saleem Aquil, Syed. (2024)** undertook a study on "Problems and Challenges of Startup Units in India" to review the benefits of startups in India, and analyse the opportunities and identify the challenges/issues faced by startups in India. The study revealed that Indian businesses are facing a variety of challenges, including an unorganised and fragmented Indian market, a lack of open and transparent policy efforts, a lack of infrastructure, a lack of expertise and risk aversion, complexity in conducting business, etc. **Gupta, Pragati., and Raghuvanshi, Anvita. (2024)** conducted a study on "A Study on Emerging Trends in Startups in India" to examine India's startup ecosystem, government support schemes, and the key challenges affecting startup success and failure. The study reported that Indian startups confront regulatory barriers, insufficient infrastructure, and market knowledge gaps. The entrepreneurs succeed and contribute to India's economic progress through research, mentorship, and strong stakeholder relationships.

III. NEED AND SCOPE OF STUDY

The above literature reveals that India's Startup ecosystem is rapidly growing, encouraged by young entrepreneurs, innovation, and supportive government initiatives such as Startup India, Stand-Up India, Make in India, and MUDRA. Startups help to create jobs, boost economic development, and provide new solutions to societal challenges. Meanwhile, they face different challenges such as financial limits, complex legal frameworks, scattered markets, inadequate infrastructure, and talent gaps. Women entrepreneurs are actively participating in startups. Effective funding tactics, research, mentorship, stakeholder support, and flexibility to economic and technological developments all play important roles in startup success. Therefore, the present study is an attempt to examine the States/UTs-wise growth rate of startups recognised and employment created, and evaluate the status of States/UTs-wise Fund Allocated and Utilised under the Startup India Seed Fund Scheme and Fund of Funds Scheme. The study is significant for identifying States/UTs-wise growth rate of startup development and employment creation, funding allocation and utilisation gaps, and challenges being faced by States/UTs in the effective implementation of the Startup initiative. The scope of the study covers all States and Union Territories of India during the period 2019-2024, focusing on three major aspects, including startup development, employment generation, and funding allocation & utilisation.

IV. OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

1) To examine the States/UTS-wise growth rate of startups recognised and employment created through the startup initiative in India.
2) To evaluate the status of States/UTS-wise Fund Allocated and Fund Utilised under the Startup India Seed Fund Scheme and Fund of Funds Scheme.

V. RESEARCH METHODOLOGY

a) Data Source: The present study is descriptive and analytical in nature, based on

ISSN: **3107-6513**

secondary data. To accomplish the objectives of the study, secondary data and information were collected from the official website of the Startup India Portal, Department for Promotion of Industry and Internal Trade, Ministry of Commerce & Industry reports, Newspapers, published research articles, and other Published Sources.

b) Statistical Methods: The statistical techniques, Percentage Method, Compound Annual Growth Rate, and ANOVA, were used for analysing the data.

c) Study Hypothesis: The following null hypotheses are developed for evaluating the results of the study.

H_0: There is no significant difference in the number of startups recognised across different States/UTs.

H_0: There is no significant difference in employment created by startups across States/UTs.

H_0: There is no interaction between States/UTs and Years regarding startups recognised.

H_0: There is no interaction between States/UTs and Years regarding employment created.

VI. DATA ANALYSIS AND FINDINGS

Table No.1
States/UTs-Wise Number of Startups Recognition by the DPIIT
(During 2019-2023)

States/UTs	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	CAGR (%)
Andaman and Nicobar Islands	7	5	13	9	15	19.3
Andhra Pradesh	161	215	286	382	586	37.3
Arunachal Pradesh	2	-	4	9	17	66
Assam	62	108	181	282	362	49.5
Bihar	137	236	374	517	811	54.3
Chandigarh	37	52	63	81	126	28.4
Chhattisgarh	152	143	159	233	360	22.6
Dadra and Nagar Haveli and Daman and Diu	3	5	12	12	11	36.1
Delhi	1,302	1,711	2,129	2,548	3,150	25
Goa	39	60	78	104	98	25.2
Gujarat	565	846	1,655	2,262	3,291	56
Haryana	658	787	1,036	1,327	1,740	27.3
Himachal Pradesh	27	40	55	117	144	57
Jammu and Kashmir	30	57	123	167	247	74
Jharkhand	79	153	180	232	337	42.7
Karnataka	1,566	1,648	2,082	2,546	3,032	18.5
Kerala	597	671	901	1,070	1,294	22
Ladakh	-	1	-	4	4	-
Lakshadweep	-	1	-	-	2	-
Madhya Pradesh	302	401	540	891	1,264	41.1
Maharashtra	1,987	2,531	3,552	4,763	5,801	30.5
Manipur	3	10	33	31	26	58
Meghalaya	5	-	6	10	18	38
Mizoram	-	1	2	6	13	-
Nagaland	2	5	6	7	22	66
Odisha	170	257	367	442	620	37.5
Puducherry	10	13	16	29	43	43
Punjab	86	134	239	294	443	49
Rajasthan	321	459	591	986	1,443	44.1
Sikkim	2	1	3	2	2	0
Tamil Nadu	556	715	1,067	1,791	2,810	50.2
Telangana	559	754	928	1,370	1,757	32.4
Tripura	7	17	11	25	23	54
Uttar Pradesh	807	1,290	1,876	2,554	3,426	43.2
Uttarakhand	87	109	155	236	271	31.2
West Bengal	276	362	648	991	1,170	42.3
Grand Total	**10,604**	**13,798**	**19,371**	**26,330**	**34,779**	**33.7%**

Source: Ministry of Commerce & Industry, Government of India
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ISSN: 3107-6513

Table No. 1 explains the data of States/UTs-wise number of Startup Recognition by the DPIIT during 2019-2023. The highest number of startups is recognised in the state of Maharashtra (5,801) in the year 2023, followed by states Uttar Pradesh (3,426), Gujarat (3,291), Karnataka (3,032), and Tamil Nadu (2,810). Whereas Delhi is the top-performing UT in startup development among all UTs, followed by UTs Jammu Kashmir (247) and Chandigarh (126). The study revealed that states/UTs performing well in startup development are owed to a strong startup ecosystem, supporting government policies, large consumer market and demand, availability of funding, good infrastructure, and connectivity. However, Sikkim (2), Mizoram (13), Arunachal Pradesh (17), Meghalaya (18), Lakshadweep (2), Ladakh (4), have a low number of startup development States/UTs in India. The low number of startups in these states/UTs is due to remote area location, lack of incubators, low consumer demand, low market size, poor infrastructure, and lack of govt. support, investment challenges, lack of skilled manpower, etc.

Further, the states Gujarat (56%) and Tamil Nadu (50.2%) have shown high compound annual growth in startup recognition among states having a high number of startups. While the states Arunachal Pradesh, Nagaland, Manipur, Himachal Pradesh, and Tripura had a small number of startups in the year 2019, they revealed a rapid compound annual growth rate of 66 per cent, 58 per cent, 57 per cent, and 54 per cent in startup registration. Whereas, the states/UTs namely Karnataka (18.5%), Kerala (22%), Chhattisgarh (22.6%), Goa (25.2%), Haryana (27.3%), Delhi (25%), and Chandigarh (28.4%) had a large number of startups in 2019, despite this relative growth rate is slower. The UTs Ladakh and Lakshadweep, and the Mizoram state have no startup registration in the years 2019 and 2023. Overall, the number of startups registered in India has increased significantly from 10,604 in 2019 to 34,779 in 2023, with a compound growth rate of 33.7 per cent annually.

Table No. 2
States/UTs-Wise Number of Startups Recognition by the DPIIT
(ANOVA- Two Factor with Replication)

Source of Variation	SS	df	MS	F	P-value	F crit
Sample (Different States/UTs)	63339457.46		1809698.784	16.85344559	3.74713E-51	1.464160151
Columns (Different Years)	186189373.3	1	186189373.3	1733.95291	6.7062E-124	3.873949699
Interaction	63339457.46	35	1809698.784	16.85344559	3.74713E-51	1.464160151
Within	30925026.4	288	107378.5639			
Total	343793314.7	359				

Source: Result by Applying ANOVA-Two Factor

In Table No. 2, the calculated F-value =16.85 > F-crit = 1.46, and the p-value is < 0.01, hence the null hypothesis is rejected. There is statistically significant variation in startup recognitions under the startup initiative in the States/UTs of India. Some of the States/UTs have a high number of startups, while others have a small number of startups. However, the calculated F-value =1733.95 > F-crit =3.87, and p < 0.01, revealed that startup registrations have significantly increased over the years. Further, in case of interaction effect of factors (States/UTs and Years), calculated F-value = 16.85 > F-crit = 1.46, and p-value is < 0.01, therefore null hypothesis is rejected. There is statistically significant variation between States/UTs and year-wise startup recognitions, indicating the growth of startups over the years is not consistent across States/UTs.

ISSN: **3107-6513**

Table No. 3
States/UTs-Wise Number of Employment Created by the Recognised Startups (During 2019-2023)

States/UTs	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	CAGR (%)
Andaman and Nicobar Islands	60	32	72	71	97	14.2
Andhra Pradesh	1,552	2,849	2,304	3,067	5,669	36.2
Arunachal Pradesh	12		31	55	185	94.4
Assam	726	874	1,403	2,553	3,350	44.8
Bihar	1,079	2,134	3,086	4,498	9,057	77
Chandigarh	312	355	978	898	1,328	40.8
Chhattisgarh	1,423	1,054	1,694	2,126	3,189	22
Dadra and Nagar Haveli and Daman and Diu	29	31	136	147	138	39
Delhi	13,862	17,638	22,231	29,955	38,280	26
Goa	349	340	494	830	824	21
Gujarat	6,077	9,295	17,329	23,610	48,138	63
Haryana	9,990	10,515	10,006	13,694	26,021	27
Himachal Pradesh	195	281	344	972	1,079	52
Jammu and Kashmir	238	447	776	1,297	2,452	74
Jharkhand	624	1,353	1,362	1,827	3,525	46
Karnataka	20,256	23,767	20,812	24,544	35,066	15
Kerala	4,413	5,446	7,582	10,286	11,737	24
Ladakh	-	3	-	32	29	-
Lakshadweep	-	7	-	-	31	-
Madhya Pradesh	3,955	3,468	6,568	11,511	12,070	28
Maharashtra	21,979	29,133	38,354	50,913	64,974	26
Manipur	22	116	382	309	195	71
Meghalaya	27	-	48	61	157	52
Mizoram	-	2	15	106	79	-
Nagaland	10	32	81	71	268	136
Odisha	2,248	2,220	3,742	4,526	6,532	25
Puducherry	130	68	198	233	568	38
Punjab	1,230	1,673	2,429	2,318	4,935	40
Rajasthan	3,819	4,439	5,579	10,590	13,724	37
Sikkim	6	2	29	22	8	7.7
Tamil Nadu	6,860	7,772	9,684	17,192	30,536	43
Telangana	8,622	8,576	9,581	14,249	18,378	18
Tripura	46	735	95	188	193	41
Uttar Pradesh	8,823	13,226	18,812	22,673	33,831	41
Uttarakhand	701	709	1,696	1,684	2,401	36
West Bengal	3,396	2,604	6,632	9,353	11,468	33
Grand Total	**1,23,071**	**1,51,196**	**1,94,565**	**2,66,461**	**3,90,512**	**32.5%**

Source: Ministry of Commerce & Industry, Government of India (Press Information Bureau)

Table No. 3 portrays the States/UTs-wise data of employment created by the recognised startups in India during the period 2019-2023. It is revealed from the table that Maharashtra (64,974) state is the first state to create maximum employment under the startup initiative across India. Followed by, the states of Gujarat (48,138), Karnataka (35,066), Uttar Pradesh (33,831), Tamil Nadu (30,536), and Haryana (26,021). Delhi is a top-performing UT in India, having created 38,280 jobs in 2023. Nagaland (136%), Arunachal Pradesh (94.4%), Bihar (77%), Jammu & Kashmir (74%), and Manipur (71%) have a smaller number of employments created, but demonstrate emerging startup ecosystems that are rapidly growing with a high compound growth rate.

The absolute jobs created in Delhi (26%), Maharashtra (26%), and Karnataka (15%) are the highest among all states/UTs, but have a

ISSN: 3107-6513

lower compound annual growth of employment creation. While Ladakh, Lakshadweep, and Mizoram have demonstrated irregular patterns due to small numbers and data gaps. The employment creation growth rate (7.7%) in Sikkim is very low among all the States/UTs. Whereas, Goa (21%), Telangana (18%), Chhattisgarh (22%), Kerala (24%), Odisha (25%), Delhi (26%), Maharashtra (26%), and Haryana (27%) have shown modest growth in employment creation, despite having good ecosystems. Overall, the number of employment created in India has grown significantly from 1,23,071 in 2019 to 3,90,512 in 2023 with a compound growth rate of 32.5 per cent annually.

Table No. 4
States/UTs-Wise Number of Employment Created by the Recognised Startups
(ANOVA- Two Factor with Replication)

Source of Variation	SS	df	MS	F	P-value	F crit
Sample (Different States/UTs)	7843213042	35	224091801.2	15.44550633	9.5002E-48	1.46416
Columns (Different Years)	1613082038	1	1613082038	111.1815278	3.38543E-22	3.87395
Interaction	7843213042	35	224091801.2	15.44550633	9.5002E-48	1.46416
Within	4178460543	288	14508543.55			
Total	21477968667	359				

Source: Result by Applying ANOVA-Two Factor

It is revealed from Table No. 4 that the calculated F-value of the sample (Different States/UTs) is 15.45 > F-crit (1.46), and the p-value is < 0.01, which is highly statistically significant at 1% level. Hence, we rejected the null hypothesis. There is significant variation in employment created by recognised startups across different States/UTs. However, the calculated F-value of columns (Different Years) is 111.18 > F-crit =3.87, and the p-value is < 0.01, indicating the number of employments created through recognised startups has significantly increased over the years. Further, the calculated F-value of the interaction effect is 15.45 > F-crit =1.46, and the p-value is < 0.01, so we rejected the null hypothesis. The interaction effects of factors revealed that employment growth varies among States/UTs throughout the years.

Table No. 5
State/UT-Wise Fund Allocated and Utilised under the Startup India Seed Fund Scheme (Up to November 2022)

Name of State/ UT	Total Amount Allocated (Approved for the selected incubators) (In Rs. Crore)	Total Amount Utilised (Disbursed to the selected incubators) (In Rs. Crore)	Fund Utilization Rate (%)
Andhra Pradesh	4.00	1.60	40
Assam	2.00	0.80	40
Bihar	10.00	4.00	40
Chhattisgarh	1.00	0.40	40
Delhi	12.00	4.80	40
Goa	11.80	4.72	40
Gujarat	62.00	22.40	36.13
Haryana	7.00	2.80	40
Himachal Pradesh	8.00	2.00	25
Karnataka	49.50	19.55	39.49
Kerala	18.00	8.70	48.33
Madhya Pradesh	12.00	4.80	40
Maharashtra	62.50	23.60	37.76
Odisha	19.00	6.80	35.79
Puducherry	8.00	3.20	40
Punjab	13.00	4.00	30.77
Rajasthan	33.50	12.60	37.61

ISSN: 3107-6513

Sikkim	3.00	1.20	40
Tamil Nadu	34.00	18.70	55
Telangana	39.95	17.58	44
Uttar Pradesh	30.00	15.90	53
Uttarakhand	10.00	4.00	40
West Bengal	5.00	2.00	40
Grand Total	**455.25**	**186.15**	**40.89%**

Source: Ministry of Commerce & Industry, Government of India (Press Information Bureau)

Table No. 5 illustrates the data of State/UT-wise Fund Allocated (in Rs. Crore) and Utilised (in Rs. Crore) under the Startup India Seed Fund Scheme. The highest fund (62.50) under the Startup India Seed Fund Scheme has been allocated to the state of Maharashtra. The states, including Maharashtra (62.50), Gujarat (62.00), Karnataka (49.50), Telangana (39.95), Tamil Nadu (34.00), Rajasthan (33.50), and Uttar Pradesh (30.00), have together received 68.41% of the total fund allocated under the Startup India Seed Fund Scheme of the states. Chhattisgarh has received the least amount of funding (1.00) under the Seed Fund Scheme for startup activity among all the States/UTs, followed by states Assam (2.00), Sikkim (3.00), Andhra Pradesh (4.00), and West Bengal (5.00).

Tamil Nadu (55%), Uttar Pradesh (53%), Kerala (48.33%), and Telangana (44%) states have high utilisation efficiency of funds under Seed Fund Schemes. Whereas, Himachal Pradesh (25%), Punjab (30.77%), Odisha (35.79%), Gujarat (36.13%), Rajasthan (37.61%), Maharashtra (37.76%), and Karnataka (39.49%) states have low utilisation of funds, despite large allocation of funds in states Maharashtra, Gujarat, and Rajasthan. Himachal Pradesh has a very low utilisation efficiency (25%) of allocated funds among all States/UTs of India. Further, remaining States/UTs, including Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Goa, Haryana, Madhya Pradesh, Puducherry, Sikkim, Uttarakhand, and West Bengal, are clustered around 40 per cent utilisation of allocated funds under the Startup Seed Fund Scheme.

The study found that low utilisation of funds in a few States/UTs is due to a weak startup ecosystem, a lengthy fund approval process, lack of awareness among entrepreneurs, lack of incubators, the Covid-19 Pandemic interruption, poor infrastructure, and lack of manpower. Overall, only 40.89 per cent of allocated funds have been utilised under the scheme, indicating moderate but slow progress in startup implementation.

Table No. 6

State/UT-Wise Fund Allocated and Utilised under the Fund of Funds for Startups Scheme (Up to November 2022)

Name of State/ UT	Total Amount Allocated (In Rs. Crore)	Total Amount Utilised (In Rs. Crore)	Fund Utilization Rate (%)
Assam	25.00	16.48	65.92
Delhi	751.00	539.31	71.81
Gujarat	100.00	51.75	51.75
Haryana	111.00	34.42	31
Karnataka	1,719.75	754.15	43.85
Maharashtra	4,241.20	1,450.58	34.20
Tamil Nadu	450.00	279.05	62.01
Telangana	130.00	78.56	60.43
Grand Total	**7,527.95**	**3,204.29**	**42.57%**

Source: Ministry of Commerce & Industry, Government of India (Press Information Bureau)

Table No. 6 demonstrates the data of State/UT-wise Fund Allocated (in Rs. Crore) and Utilised (in Rs. Crore) under the Fund of Funds for Startups. The highest fund (4,241.20) under the Fund of Funds for Startups has been allocated to the state of Maharashtra, followed by Karnataka (1,719.75), Delhi (751.00), and Tamil Nadu (450.00). The state of Maharashtra

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has received a part 56.34% of the total fund allocated under the Fund of Funds for Startups. Assam has received the least amount of funding (25.00) under the Fund of Funds for Startups among all States/UT, followed by states Gujarat (100.00), Haryana (111.00), Telangana (130.00), and Tamil Nadu (450.00).

Delhi (71.81%), Assam (65.92%), Tamil Nadu (62.01%), and Telangana (60.43%) states have high utilisation efficiency of funds under this scheme. Whereas, Haryana (31%), Maharashtra (34.20%), and Karnataka (43.85%) states have low utilisation of funds, despite large allocation of funds in the states of Maharashtra and Karnataka. The state of Haryana has a very low utilisation efficiency (31%) of allocated funds among all States/UTs of India. Overall, only 42.57 per cent of allocated funds have been utilised under the Fund of Funds for Startups, showing slow progress in startup implementation.

VII. CONCLUSIONS

The study revealed significant regional disparities in startup development across India. In 2023, Maharashtra (5,801) led in startup registrations, followed by Uttar Pradesh, Gujarat, Karnataka, and Tamil Nadu, while Delhi ranked first among UTs. These regions perform better due to strong ecosystems, supportive policies, a large consumer market and demand, funding availability, and infrastructure. Whereas, states like Sikkim, Mizoram, and Arunachal Pradesh showed low startup activity due to remoteness, limited incubators, poor infrastructure, and weak government support. Overall, startups in India grew from 10,604 in 2019 to 34,779 in 2023 at a compound annual growth rate of 33.7 per cent, with significant variations across different States/UTs and years ($p < 0.01$). Maharashtra also created the highest employment, i.e. 64,974, followed by Gujarat, Karnataka, and Uttar Pradesh, while Delhi led among UTs. Employment grew from 1,23,071 in 2019 to 3,90,512 in 2023 at a compound annual growth rate of 32.5 per cent, with significant variations across different States/UTs and years ($p < 0.01$). Maharashtra received the highest funding under both the Seed Fund Scheme and the Fund of Funds, but utilisation efficiency was low, i.e. 37.76 per cent and 34.20 per cent, mainly due to weak ecosystems, lengthy fund approval processes, poor awareness, lack of incubators, and the Covid-19 pandemic etc. Overall, the study concludes that while India's startup ecosystem is expanding rapidly, growth and fund utilisation remain uneven across states and UTs. Strengthening ecosystems, improving fund efficiency, and supporting emerging states are crucial for promoting equitable startup growth nationwide.

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