

Original Article

Role of the Indian Government in Promoting Entrepreneurship in India

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Abstract

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The Indian Government takes many initiatives to promoting entrepreneurship through making various policies, frameworks, financial support schemes, institutional infrastructure, and innovation ecosystems. This paper evaluates their effectiveness. With the help of official reports, recent developments, and existing scholarly literature, this paper identifies Progressive impacts, institutional challenges, and areas for improvement, providing recommendations to strengthen India's entrepreneurial ecosystem.

Keywords- Entrepreneurship, Startup India, Atal Innovation Mission (AIM), CGTMSE, Skill India PM SVANidhi, PMFME, CM.

Introduction

Entrepreneurship is very important for economic growth, innovation, and inclusive development of the nation. By considering this, the Indian government has launched many programs and policies which nurturing entrepreneurial activities across country. This paper explores these initiatives, considering their design, deployment, outcomes, and future potential.

Review of Literature

Social Entrepreneurship in India

by Nidhish Rao, K. Sankaran & Shilpa Praveen (2022) Focus on Bibliometric analysis of 54 Scopus and indexed articles to categorize themes in social entrepreneurship and identify research gaps. Identifies underexplored areas and proposes future research directions.

Empirical Motives of Indian Entrepreneurs: by Ravindra Jain & Saiyed Wajid Ali (2012). Identified top entrepreneurial motivations: using one's talent, striving for achievement, and ensuring financial security for family.

Methodology: This research depends on official data, government reports, and policy documents as a primary data. It also uses web-based information.

Analysis of Major Government Initiatives

Startup India: Startup Scheme Launched in 2016 and managed by DPIIT; Startup India supports startups through regulatory relief, tax benefits, and access to venture capital via a Rs 10,000 crore Fund of Funds for Startups (FFS). As of 2023 Rs 385 crore had been invested via Alternative Investment Funds (AIFs). Additionally, beneficiaries also enjoy a three-year income tax exemption and credit guarantees up to Rs 5 crore.

Atal Innovation Mission (AIM)

AIM under NITI Aayog cultivates innovation via: Atal Tinkering Labs (ATLs): Over 10,000 labs established in schools encouraging hands-on innovation and STEM learning. Atal Incubation Centers (AICs): 72 world-class incubators supporting 3,500+ startups, creating 32,000+ jobs, including 1,000+ women led ventures. Atal Incubation Centers (AICs): 72 world-class incubators supporting 3,500+ startups, creating 32,000+ jobs, including 1,000+ women led ventures.



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Atal Community Innovation Centers (ACICs): 14 Centers in underserved regions under a matched funding Atal New India Challenge (ANIC): Funding and mentorship to deep tech startups addressing national challenges; Phase 1 supported 53 startups, Phase 2 shortlists 88. Mentor of Change: 6,200+ mentors support the innovation ecosystem. AIM 2.0 Developments: Budget 2025 allocates Rs 400 crore, creates 50,000 new ATLs over 5 years, launches Frontier and Deep tech programs, and human capital training for ecosystem professionals.

Credit Guarantee Fund Trust for MSMEs (CGTMSE)

Established in 2000, CGTMSE enables collateral-free lending with coverage levels up to Rs 5 crore. Guarantees cover 85% for micro-units and women/NE India, 75% for other MSEs up to Rs 1 crore, and 50% for Rs 1-5 crore loans. By December 2024, CGTMSE had approved over 1 crore loan guarantees totaling Rs 5.2 lakh crore; 45% went to first-time borrowers. Integration of AI and fin tech platforms has reduced approval times by 30% and improved risk management; the 2025 Budget also introduced the revolving MSME Credit Card with automatic CGTMSE coverage.

Skill Developments: Skill India & NSDC

Skill India, launched in 2015, aims to train millions through programs like PMKVY and Skill Loan. Through PPP model, NSDC partners with training organizations and Skill Councils, distributing Rs 1,453 crore in funding to trainers, supporting capacity development across 21 sectors.

Other Targeted Schemes & State-Level Programs

PM SVANidhi

Provides collateral-free working capital loans (Rs 10,000 initially, Rs 50,000 for repeat borrowers) with interest subsidies and digital cashback for street vendors; extended to 2030, targeting 1.15 crore beneficiaries.

PMFME (Food Processing):

Formalizes micro food processing units with credit-linked subsidies (35%) up to Rs 10 lakh and support for shared infrastructure; Bihar leads implementation, disbursing loans to 6,589 units.

CM-YUVA (Uttar Pradesh): Offers interest-free, collateral-free loans plus mentorship and market access; supported over 68,000 youth with Rs 2,751 crore and launched e-commerce portal “UP Mart”; also aligned with One District One Product and traditional artisan support.

Tamil Nadu MSME Mentorship:

Over 66,000 entrepreneurs supported via loans (Rs 5,490 crore) and subsidies (Rs 2,133 crore); includes schemes targeting women, disabled, SC/ST, and artisans, generating 100,000 jobs post Global Investors Meet.

NSIC & MSMEs: NSIC underscores MSMEs’ evolving role from local crafts to advanced sectors like space tech, reinforcing entrepreneurship as vital to the “Viksit Bharat” vision.

Challenges

1. Funding & Financial Constraints
2. Investor Dependence
3. Regulatory and Compliance Hurdles
4. Complex Legal Framework
5. Delayed Government Support
6. Market Competition

Conclusion & Recommendations

The Indian government has orchestrated a robust set of policies and programs to foster entrepreneurship spanning innovation hubs, financial schemes, capacity development, and inclusive outreach.

Recommendations:

1. Government makes aware to the people about their various schemes and also makes simple processes for apply the schemes.
2. Avoid delays, and Red tape system.
3. Strengthen local investment channels
4. Boost research and development and innovation.
5. Improve Monitoring & Coordination and control system.

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5. Skill India and NSDC operational scope
6. PM SVANidhi, PMFME, CM-YUVA, Tamil Nadu MSME support, and NSIC
7. Criticism on domestic capital scarcity and policy implementation
8. Academic insight on incubation systems aligned with SDGs