India, the world's third-largest startup ecosystem: DPIIT-recognised startups cross 2.5 lakh

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News

Data released by the Department for Promotion of Industry and Internal Trade (DPIIT) on 27 October 2026 show 2,50,046 recognised startups. They are spread over more than 770 districts and have created over 25.42 lakh direct jobs. 48% of recognised startups have at least one woman director, and 52% are in non-metro cities. For ease of doing business, 47,957 compliances have been reduced. The Union Government describes India as the world's third-largest startup ecosystem; Prime Minister Narendra Modi said so at the 10th anniversary of Startup India (16 Jan 2026). Tracxn data for the first nine months of 2025 also ranked India third in tech-startup funding, after the US and the UK.

Key facts for the exam

Point	Details
DPIIT-recognised	2,50,046 startups (27 Oct 2026)
Jobs	Over 25.42 lakh
Spread	770+ districts; 52% in non-metros
Women	48% have at least one woman director
Startup India	Launched 16 January 2016; National Startup Day

Point	Details
Fund of Funds (FFS)	₹10,000 crore – managed by SIDBI
'Angel tax'	Income-tax Act Sec 56(2)(viib); abolished in Budget 2024
Tamil Nadu	StartupTN (TANSIM); 'Best Performer' in States' Ranking 2022

Background

- Economy: 'Startup India' was launched on 16 January 2016; since 2022, 16 January is 'National Startup Day'. Under DPIIT's definition, an innovation-driven entity within a set turnover limit counts as a startup for up to 10 years from incorporation. DPIIT is under the Union Ministry of Commerce and Industry.
- Finance: The Fund of Funds for Startups (FFS, ₹10,000 crore) gives capital through SIDBI to SEBI-registered Alternative Investment Funds (AIFs). There are also the Startup India Seed Fund Scheme (2021) and the Credit Guarantee Scheme for Startups. The 'angel tax' (Section 56(2)(viib)) on share premium above fair value was abolished for all classes of investors in the 2024 Budget.
- Rankings: A 'unicorn' is a private startup valued above US$1 billion. 'Third-largest' depends on the yardstick – number of startups, unicorns or funding – and rankings vary by measure. Bengaluru, Delhi-NCR and Mumbai are the leading hubs.
- State ranking: DPIIT's States' Startup Ranking groups States as Best Performers, Top Performers, Leaders, Aspiring Leaders and Emerging Startup Ecosystems. The 2022 ranking (released Jan 2024) named Gujarat, Karnataka, Keralam, Tamil Nadu and Himachal Pradesh 'Best Performers'.

Tamil Nadu link: Tamil Nadu: The State's startup nodal body is the Tamil Nadu Startup and Innovation Mission (TANSIM), branded 'StartupTN', working from Chennai under the MSME Department. Tamil Nadu was placed among the 'Best Performers' in DPIIT's States' Startup Ranking 2022.

Frequently asked questions

What is this news about?

Data released by the Department for Promotion of Industry and Internal Trade (DPIIT) on 27 October 2026 show 2,50,046 recognised startups. They are spread over more than 770 districts and have created over 25.42 lakh direct jobs.

What are the key facts to remember for the exam?

DPIIT-recognised: 2,50,046 startups (27 Oct 2026); Jobs: Over 25.42 lakh; Spread: 770+ districts; 52% in non-metros; Women: 48% have at least one woman director.

What is the background to this news?

Economy: 'Startup India' was launched on 16 January 2016; since 2022, 16 January is 'National Startup Day'. Under DPIIT's definition, an innovation-driven entity within a set turnover limit counts as a startup for up to 10 years from incorporation.

Practice questions (with answers)

1. Marking the launch of 'Startup India', 'National Startup Day' is observed on which date?

A) 26 January

B) 20 August

C) 16 January

D) 15 September

Answer: C – Explanation: 16 January – Startup India was launched on this day in 2016; National Startup Day since 2022. 15 September is Engineers' Day.

2. The 'angel tax' on startups, abolished in the 2024 Union Budget, arose under which section of the Income-tax Act, 1961?

A) Section 80C

B) Section 56(2)(viib)

C) Section 10(23C)

D) Section 115BAA

Answer: B – Explanation: Section 56(2)(viib) taxed share premium above fair value as 'income from other sources'. 80C is for savings deductions; 115BAA gives companies a concessional rate.

3. Which institution manages the ₹10,000 crore 'Fund of Funds for Startups' (FFS)?

A) NABARD

B) SEBI

C) RBI

D) SIDBI

Answer: D – Explanation: The Small Industries Development Bank of India (SIDBI) – it invests not directly but through SEBI-registered Alternative Investment Funds (AIFs).

4. 'StartupTN' is the brand name of which Tamil Nadu body?

A) TIDCO

B) TANSIDCO

C) ELCOT

D) TANSIM

Answer: D – Explanation: The Tamil Nadu Startup and Innovation Mission (TANSIM), under the MSME Department. TIDCO is the industrial development corporation; ELCOT the electronics corporation.

5. In DPIIT's 'States' Startup Ranking 2022', in which category was Tamil Nadu placed?

A) Best Performer

B) Aspiring Leader

C) Emerging Ecosystem

D) Leader

Answer: A – Explanation: 'Best Performer' – along with Gujarat, Karnataka, Keralam and Himachal Pradesh; results were released in January 2024.

Sources: KNN India; IANS via Free Press Journal; The Hans India; Deccan Chronicle; Deccan Herald; Startup India. © Shanmugam IAS Academy.