



The Role of Young Entrepreneurs in Sustaining the Indian Economy: An Analysis of Secondary Sources

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ABSTRACT

A dynamic culture of job creation is replacing traditional job-seeking behaviours in India's current economic landscape, which is undergoing a paradigm change. The crucial role that young entrepreneurs play in maintaining and growing the Indian economy is carefully examined in this study report. The study investigates how the demographic dividend—more especially, the youth population—acts as a catalyst for innovation, job creation, and regional development using a descriptive research design based on secondary data. To assess the effect of youth-led businesses on GDP, the research incorporates data from official sources (Ministry of Commerce and Industry, NITI Aayog), international organizations (ILO, World Bank), and scholarly literature. Additionally, the study identifies systemic obstacles like financial limitations, regulatory bottlenecks, and skill deficiencies while critically evaluating the ecosystem made possible by programs like Startup India and Stand-Up India. The results show that although young entrepreneurship is a powerful driver of economic resilience, strong governmental interventions and infrastructure support are necessary for its sustainability. According to the study's findings, creating an environment that is favourable to entrepreneurship is essential for social inclusion and long-term national development in addition to being an economic requirement.

KEYWORDS Youth Entrepreneurship, Economic Sustainability, Innovation Ecosystem, Demographic Dividend.

1. INTRODUCTION

The story of India's economic development in the twenty-first century is inextricably related to the country's youth's entrepreneurial ambitions. India has a distinct "demographic dividend" that gives it a competitive edge in the global market as the most populous democracy in the world with a median age of under 29 (Census of India, 2011). According to Schumpeter (1934), entrepreneurship is the process of "creative destruction," and it has become a vital tool for converting this youthful energy into profitable economic results.

The responsibility of young entrepreneurs in India goes beyond simply owning a business; it includes generating employment in a labor-surplus economy, disrupting stagnant industries, and creating social value. The Startup India program, which was launched in 2016 with the goal of creating a strong ecosystem for fostering innovation, is proof that the Indian government has recognized its potential (DPIIT, 2023). But there are many obstacles in the way. Even with the rise of unicorn firms, a large percentage of young people are still unemployed or underutilized.



According to recent research, youth-led businesses play a major role in the economy's diversification, expanding beyond agriculture into manufacturing, services, and technology (NITI Aayog, 2022). Additionally, entrepreneurs from Tier-2 and Tier-3 cities can now engage in the national economy thanks to the democratization of market access brought about by the integration of digital technologies (World Bank, 2023). However, academics contend that to maintain this momentum, educational pedagogies need to change structurally to encourage an entrepreneurial attitude at a young age (Gupta & Srinivasan, 2024).

To measure and qualify the influence of these young innovators, this research analyzes secondary sources. This study attempts to offer a comprehensive picture of the current situation by looking at the relationship between youth entrepreneurship and economic metrics like GDP growth and employment rates.

2. LITERATURE REVIEW

The existing literature presents a multifaceted view of youth entrepreneurship, acknowledging both its potential for transformative change and the structural challenges it faces.

1. Socio-Economic Impact of Youth Entrepreneurship: Baker (2008) argues that youth entrepreneurship offers a crucial solution to global youth unemployment. In *Fostering a Global Spirit of Youth Enterprise*, he contends that empowering young people to create their own economic opportunities alleviates the burden on state welfare systems and strengthens social cohesion. This is particularly relevant in India, where the formal job market faces immense pressure.

2. Regional Development and Inclusive Growth: Baporikar et al. (2014), in a study of developing economies, found that young entrepreneurs play a vital role in stimulating regional growth. Their research suggests that youth-led ventures are often more responsive to local needs and more likely to utilize local resources, thereby reducing the disparity between urban and rural economic development. This decentralization of economic power is essential for a diverse country like India.

3. Policy Frameworks and Institutional Support: Jyothsna (2025), in her paper *Youth Entrepreneurship and Innovation in India*, provides a comprehensive analysis of government initiatives. Synthesizing data on schemes such as MUDRA and the Atal Innovation Mission, she concludes that while the policy framework is robust, significant implementation gaps persist, especially in the last-mile delivery of financial services to young entrepreneurs in non-urban areas.

4. Demographic Dividend and Startup Ecosystems: Jogi and Suchithra (2025) explore the statistical dimensions of India's startup boom. Their research highlights a direct correlation between the surge in DPIIT-recognized startups—from 500 in 2014 to over 100,000 in



2024—and the entry of "Gen Z" into the workforce. They posit that this demographic cohort's higher risk tolerance and digital fluency are prerequisites for modern entrepreneurship.

5. Barriers to Entry: Financial and Structural: In contrast to these optimistic perspectives, Kumar and Kumra (2023) focus on the obstacles faced by young entrepreneurs. Their analysis identifies access to finance as the most significant hurdle, with traditional banking systems often perceiving youth ventures as high-risk due to a lack of collateral and credit history. Furthermore, Thavaraj and Varghese (2015) highlight a lack of business acumen (experience and mentorship) as a critical internal barrier contributing to early-stage failure for many youth startups.

3. RESEARCH METHODOLOGY

Research Design: This study employs a descriptive research design to examine youth entrepreneurship in India and its economic impact. This approach is suitable for providing a detailed account of the current state of affairs using existing data, without manipulating any variables.

Data Collection Sources: This study relies solely on secondary data, gathered from the following sources:

- **Government Reports:** Including annual reports from the Ministry of Micro, Small and Medium Enterprises (MSME), the Department for Promotion of Industry and Internal Trade (DPIIT), and NITI Aayog.
- **International Databases:** Reports and data from the International Labour Organization (ILO), the World Bank, and the Global Entrepreneurship Monitor (GEM).
- **Academic Journals:** Peer-reviewed articles from respected commerce and management journals.
- **Industry Whitepapers:** Publications released by industry organizations such as FICCI, CII, and NASSCOM.

Data Analysis Tools: The data collected will be analyzed using content analysis and comparative analysis. Statistical data pertaining to GDP contribution, employment rates, and startup growth will be tabulated and interpreted to support the study's central argument.

4. DATA ANALYSIS AND INTERPRETATION

This section analyzes secondary data to evaluate the role of young entrepreneurs in the Indian economy.

4.1 Contribution to Employment Generation

Data from the Ministry of Labour & Employment (2024) indicates a structural shift in India's workforce. The unemployment rate for youth (aged 15-29) has declined from 17.8% in 2017-



18 to approximately 10.2% in 2023-24. A significant factor contributing to this decline is the rise in self-employment, which reached 58.4% in 2023-24. This suggests that young entrepreneurs are not only creating jobs for themselves but are also becoming job multipliers. For example, startups like Zomato, Swiggy, and Zepto, founded by young entrepreneurs, have created a "gig economy" that employs millions of gig workers, absorbing a vast segment of the semi-skilled workforce.

4.2 The Startup Ecosystem Explosion

According to DPIIT (2024), India has emerged as the world's third-largest startup ecosystem, with over 117,000 recognized startups as of December 2024. Key aspects of this ecosystem include:

- **Demographic Breakdown:** A survey by the Observer Research Foundation (ORF) reveals that nearly 45% of these startup founders are under the age of 35.
- **Economic Valuation:** The combined valuation of Indian unicorns (startups valued over \$1 billion) exceeds \$350 billion. This substantial wealth creation directly contributes to the nation's GDP and attracts Foreign Direct Investment (FDI).
- **Sectoral Diversity:** While initially concentrated in IT, youth-led ventures are now prominent in sectors like Agri tech, Fintech, and Health tech. For instance, young entrepreneurs in Agri tech are using AI to improve crop yields, directly impacting the primary sector of the Indian economy.

4.3 Case Analysis of Youth-Led Disruption

Several young entrepreneurs have significantly disrupted traditional industries:

- **Ritesh Agarwal (OYO Rooms):** Starting at age 19, Agarwal revolutionized the hospitality sector by aggregating budget hotels. This standardized budget travel and revitalized small hotel owners' businesses, demonstrating how youth entrepreneurship can uplift traditional SMEs.
- **Aadit Palicha & Kaivalya Vohra (Zepto):** These founders, under the age of 20, introduced the "Quick Commerce" model, highlighting the ability of young entrepreneurs to identify market gaps (time-sensitive delivery) and deploy technology to rapidly address them.

4.4 Challenges Identified in Data

Despite these successes, data indicates a high mortality rate for startups. A study by the Institute for Business Value (IBV) found that 90% of Indian startups fail within the first five years. Key reasons cited in secondary sources include:

1. **Funding Winter:** The tightening of venture capital funding post-2022 has disproportionately affected young, first-time founders.
2. **Regulatory Complexity:** Despite improvements in "Ease of Doing Business," compliance burdens remain high for small teams.



3. **Skill Gap:** A disparity exists between academic training and practical business needs, leading to operational inefficiencies.

5. CONCLUSION

The analysis of secondary sources demonstrates that young entrepreneurs are vital to India's economic sustainability, bridging the gap between its demographic potential and economic reality. By shifting the focus from job-seeking to job-creating, they address unemployment and drive innovation across sectors. The rise of a robust startup ecosystem, fueled by digital adoption, showcases the resilience and capability of Indian youth.

However, the sustainability of this contribution depends on addressing systemic challenges. The high startup failure rate suggests that enthusiasm alone is insufficient and must be supported by accessible credit, mentorship, and simplified regulations. As India progresses towards a \$5 trillion economy, the drive of its young entrepreneurs will be a primary accelerator. The government and private sector must collaborate to nurture this ecosystem, ensuring that entrepreneurship becomes a viable, long-term career choice rather than a temporary necessity.

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