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Entrepreneurship is vital for India's economic growth, job creation, and innovation. The government has introduced several policies to support entrepreneurs, including the MSME Policy, the Digital India Mission, the Skill India Mission, and the PM-MUDRA Yojana. This paper reviews and compares these four policies to understand how India's approach to supporting entrepreneurship has changed over time. The study uses secondary data from government reports, policy documents, and research papers. It compares the policies based on their goals, target groups, tools, agencies, and underlying ideas. The findings show that India's entrepreneurship policies have evolved from traditional support for small businesses to digital tools, skill development, and financial help for micro-entrepreneurs. While these policies work together to support entrepreneurs, there are still gaps, especially in rural outreach, digital literacy, and linking skills with finance and technology. This study provides simple insights for policymakers and researchers to make India's entrepreneurship ecosystem more effective, inclusive, and supportive for all.

Keywords: *Entrepreneurship, MSME, Digital India, Skill India, PM-MUDRA*

1. INTRODUCTION

Globally, entrepreneurship is now a vital force behind economic expansion, job creation, and innovation. In India, entrepreneurship is recognized as a means of achieving inclusive growth that not only fosters economic development but also empowers women, youth, and disadvantaged communities. Recognizing its importance, the Indian government has launched and implemented several policy initiatives to encourage entrepreneurship across industries and regions. India's evolving entrepreneurship policy reflects broader structural and economic changes, including rapid digitization, expanded financial inclusion mechanisms, and the growing recognition of human capital as the cornerstone of business development. Four significant policy initiatives, the Digital India program, the Skill India mission, PM-MUDRA, and the Micro, Small, and Medium Enterprises (MSME) Policy, are at the centre of this change.

The institutional, technological, skill-based, and financial aspects that influence the entrepreneurial ecosystem are collectively represented by these policies. India's entrepreneurship strategy has shifted over time from conventional support systems to a comprehensive, integrated ecosystem that includes capital, technology, and skills. This development indicates a conceptual shift in the way entrepreneurship is understood. It is now seen as a multifaceted phenomenon that requires a combination of enabling frameworks, capacity building, and financial access, rather than just as a business activity requiring institutional backing. Several structural issues, including limited access to official financing for small and micro businesses, poor infrastructure, slow technology adoption, enduring skill gaps, and significant regional differences in enterprise development, currently constrain India's entrepreneurial ecosystem. The Government of India implemented several targeted policy interventions to boost various aspects of entrepreneurship after recognizing the need for a more encouraging and enabling environment. The MSME Policy Framework aimed to provide micro, small, and medium-sized businesses with institutional support, capacity-building, and regional balancing. The goals of the Digital India Mission were to enable technology-driven business processes, advance e-governance, and build digital infrastructure. The Skill India Mission promoted business-oriented training and vocational education to address the persistent lack of industry-relevant skills. In support of these initiatives, the PM-MUDRA Yojana was introduced to increase financial inclusion by providing micro-entrepreneurs with collateral-free finance, with a focus on women, first-generation entrepreneurs, and underprivileged groups. Together, these programs demonstrate how India's entrepreneurship policy landscape is evolving into a more comprehensive and multifaceted framework. This study conducted a comparative theoretical review of the MSME Policy, Digital India, Skill India, and PM-MUDRA Yojana. The research aims to trace the conceptual evolution of India's entrepreneurship policies, examine their underlying theoretical frameworks, and identify the complementarities and gaps that influence their effectiveness. Using a descriptive and conceptual research design, the study synthesizes secondary literature, policy documents, and theoretical perspectives to provide an integrated understanding of India's entrepreneurship policy landscape.

2. LITERATURE REVIEW

Bhatia and Verma (2025) examined entrepreneurial financing under the Pradhan Mantri MUDRA Yojana (PMMY) by comparing rural and urban beneficiaries in India. The primary objective of the study was to analyze differences in loan access, utilization patterns, enterprise performance, and repayment behaviour across spatial contexts. Drawing on primary data from 600 beneficiaries across Uttar Pradesh, Maharashtra, and Tamil Nadu, the study integrates financial intermediation theory and the entrepreneurial ecosystem approach to assess how local conditions shape credit outcomes. The findings reveal significant rural-urban disparities, with urban entrepreneurs more likely to access higher-value loans, achieve greater sales and profit growth, and exhibit stronger repayment performance. In contrast, rural beneficiaries are concentrated in smaller loan categories and face challenges related to financial literacy, market access, and institutional support, leading to delayed repayments. The study concludes that while PMMY has enhanced financial inclusion and entrepreneurial activity overall, its effectiveness is strongly mediated by ecosystem factors, highlighting the need for targeted financial literacy programs, post-loan support, and region-specific policy interventions.

Satsangi et al. (2025) investigated how government-run Entrepreneurship Development Programs (EDPs) support MSMEs in India. The study emphasizes MSMEs as a key driver of economic growth, job creation, and inclusive development, particularly in developing countries characterized by rising unemployment and excessive reliance on agriculture. The study's literature review focused on three initiatives, MUDRA, Stand-up India, and Startup India, that aim to boost financial inclusion, promote entrepreneurship among marginalized communities, and assist innovation-driven enterprises. The primary objective of the study was to assess the impact of specific EDPs on MSME growth measures, including the amount sanctioned, the number of accounts established, the recognition of enterprises, and the number of jobs created. The study's findings demonstrated a statistically significant positive association between these initiatives and the expansion of MSMEs, with MUDRA emerging as the most effective program. The study concludes that, although ongoing assessment and better execution are necessary, government entrepreneurship programs are essential for encouraging MSMEs.

Phalphale and Shinde (2025) examined the influence of government measures on the growth of entrepreneurship and the empowerment of Micro and Small Enterprises (MSEs) in India. The literature reviewed in this paper acknowledges MSEs as the foundation of the Indian economy due to their significant contributions to economic diversification, rural development, and job creation. Despite their significance, MSEs continue to face obstacles, including limited access to capital, poor infrastructure, skill shortages, and complex regulations, according to earlier research. The study's goal was to analyze key government programs that support MSEs and evaluate how effectively they foster entrepreneurship. The literature study highlights programs such as PMEGP, CGTMSE, MUDRA, NMCP, and Make in India, which are designed to enhance financial access, skill development, and technological advancement. According to the paper's findings, these programs

have improved loan availability, job creation, and productivity, thereby favourably impacting entrepreneurial growth. However, the report also identifies implementation gaps, limited knowledge, and bureaucratic delays, indicating the need for better policy implementation and long-term support systems.

Dhaker and Siroya (2024) examined the role of the Government of India in promoting entrepreneurship to address key socioeconomic challenges, such as unemployment, poverty, and uneven regional development. The study emphasized the significance of entrepreneurship in making India's economy competitive and self-sufficient, conceptualizing it as a process driven by creativity, innovation, and risk-taking. The MSME Development Act, Make in India, Digital India, Stand-Up India, MUDRA Yojana, PMKVY, and institutional support mechanisms, including NIESBUD, NI-MSME, and IIE, were all thoroughly covered in the study. Their research revealed that although India has implemented several programs aimed at young people, women, SC/ST entrepreneurs, and startups, there remain issues with outreach, execution, infrastructure gaps, and impact assessment.

Chaudhari and Sinha (2021) highlight the rapid expansion of the Indian startup ecosystem, driven by digital transformation, policy support, and increased access to global capital. Studies note that India's large skilled workforce and growing digital infrastructure have enabled startups to adopt advanced technologies such as big data analytics to improve decision-making, customer targeting, and operational efficiency. Prior research also emphasizes the role of alternative financing mechanisms, particularly crowdfunding, in reducing dependency on traditional finance and enhancing entrepreneurial inclusivity. The shared economy has been identified as another critical trend, enabling optimal resource utilization and scalable business models across sectors. However, scholars argue that while these trends offer growth opportunities, challenges related to regulation, data security, and sustainability persist. Overall, the literature suggests that understanding and strategically leveraging emerging trends is crucial for sustaining startup growth in India.

Głodowska (2019) examined the conceptual foundations and research development of Comparative International Entrepreneurship (CIE) within the broader field of international entrepreneurship. The primary purposes of the research are to determine CIE's scientific identity and to thoroughly examine theoretical and empirical research that was published between 1989 and 2018. The paper establishes CIE as one of the three primary research areas of international entrepreneurship, alongside entrepreneurial internationalization and comparative entrepreneurial internationalization, based on a thorough review of prior research. The literature emphasizes that comparative research in entrepreneurship remains under-studied and has only recently gained traction. The results show that assessing entrepreneurship's impact on economic growth, the institutional and cultural contexts, and the difficulties of operationalizing entrepreneurship at the macro level are essential subjects that warrant further scholarly attention. The study concludes that a comparative approach is crucial for developing insights valuable to policymakers and entrepreneurs, as well as for improving research on international entrepreneurship.

Ghoalp (2019) investigated the role of the Skill India Program in fostering entrepreneurship and addressing India's escalating unemployment problem. The study examined research highlighting the importance of skill development as a necessary precondition for converting India's demographic dividend into valuable human capital. The purpose of the study was to assess young people's perceptions of entrepreneurship and employment opportunities, and to examine the objectives, programs, requirements, and advantages of the Skill India Program. According to the reviewed literature, a lack of employable skills has been a significant contributing factor to youth unemployment, particularly in rural and semi-urban areas. The findings demonstrate that Skill India has had a positive effect by raising employability, enhancing productivity, and encouraging self-employment and entrepreneurship, primarily through the creation of MSMEs. According to the research, the program's emphasis on soft skills, public-private partnerships, and rural outreach promotes inclusive entrepreneurial growth. The analysis concludes that Skill India is a significant policy initiative with the potential to reduce unemployment, provided it is executed consistently and inclusively, and promotes sustainable entrepreneurship.

Akiwatkar (2016) examined the structures of business incubators, startups, and government policies in India to understand their roles in promoting an entrepreneurial culture and supporting economic development. The study examined research highlighting the importance of entrepreneurship in fostering innovation, generating wealth, and creating jobs, especially in developing nations like India, where market mechanisms would not be sufficient to close developmental gaps. The paper's main goal was to evaluate the advantages and disadvantages of India's entrepreneurial ecosystem, with particular emphasis on the role of incubators and public policy initiatives. According to the studied literature, business incubators are strategic platforms that use a public-private collaboration approach to connect research, innovation, and market adoption. The paper's findings suggest that programs such as Startup India, Digital India, Make in India, and MUDRA have improved access to funding, mentorship, infrastructure, and regulatory support, thereby strengthening the startup ecosystem. However, the report also highlights issues with talent acquisition, financial constraints, and ecosystem fragmentation. The study concludes that sustainable entrepreneurial growth in India requires well-coordinated government policies and strong connections among incubators, universities, and businesses.

Rutten (2002). The study explores how the idea and practice of entrepreneurship have changed over time, emphasizing how it has evolved from a conventional, profit-driven activity to a more comprehensive vehicle for socioeconomic growth. The study's primary goal is to chart the evolution of entrepreneurship across history and examine how institutional, technological, and economic shifts have influenced entrepreneurial endeavours. The paper's assessment of the literature describes how modern entrepreneurship, which prioritizes information, technology, and inclusive growth, has replaced classical entrepreneurship, which was centred on risk-taking and invention. The study explores how globalization, institutional frameworks, and governmental policies are increasingly impacting the growth of entrepreneurship. The results show that entrepreneurship has evolved into a dynamic process driven by innovation, digitalization, and supportive ecosystems, thereby boosting economic growth and creating jobs. The study concludes that creating successful policies and promoting sustainable entrepreneurial ecosystems in emerging nations requires an understanding of entrepreneurship's evolutionary perspective.

3. Objectives of the Study

The paper focuses on three primary research objectives:

1. To study the conceptual evolution of India's entrepreneurship policies.
2. To compare the approaches and theoretical frameworks of MSME Policy, Digital India, Skill India, and PM-MUDRA Yojana.
3. To determine gaps and complementarities among these policies in promoting entrepreneurship.

3.1 Scope of the Study

The study included four significant central government policies that significantly influence the entrepreneurship ecosystem in India. The study adopts a theoretical and comparative perspective, analyzing secondary data sources such as government reports, policy documents, and scholarly literature. The study focuses on conceptual insights and policy linkages rather than empirically assessing results.

4. Research Methodology

This study adopts a descriptive, conceptual research design to examine the evolution, theoretical foundations, and comparative orientations of significant entrepreneurship policies in India. The research is qualitative in nature, relying on conceptual reasoning, interpretative analysis, and literature-based evaluation. The study is based exclusively on secondary data collected from reliable and authoritative sources, including Official government publications and policy documents (MSME, Digital India, Skill India, PM-MUDRA), Government websites, Peer-reviewed journals, books, and research reports on entrepreneurship policy, Academic databases such as Google Scholar and Shodhganga. Using a comparative analytical framework, the study interprets the policies through relevant theoretical lenses, including institutional theory, human capital theory, the capability approach, innovation systems theory, and financial inclusion models. Qualitative content analysis is used to identify patterns, complementarities, and gaps across the four initiatives.

5. Entrepreneurship Policies and Conceptual Evaluation

India's overall economic shift from a state-controlled, protectionist paradigm to a liberalized, innovation-driven, and digitally enabled entrepreneurial ecosystem is reflected in the conceptual evolution of the nation's entrepreneurship policy. Tracing changes in policy orientation across historical eras, shaped by institutional frameworks, global influences, and socioeconomic goals, is necessary to comprehend this process.

India established a mixed economy model in the early post-independence era, marked by significant state intervention, the predominance of public-sector enterprises, and a stringent regulatory framework known as the "License Raj." Entrepreneurship was not seen as a key force behind economic growth during this time. Large-scale industry and state-led growth, on the other hand, were the focus of government attention, thereby reducing the potential for private enterprise and restricting entrepreneurial activity (Budhwar, 2001). This era established the foundational context in which the earliest conceptual understanding of entrepreneurship policy remained narrow and essentially regulatory rather than developmental.

With the creation of Five-Year Plans, especially the Fifth Plan (1974-1978), which started to recognize the significance of entrepreneurship in inclusive development, a slow change occurred during the 1970s and 1980s. Increased awareness of entrepreneurship as a means of achieving socioeconomic empowerment

spurred greater efforts to support women's entrepreneurship. However, institutional constraints and sociocultural impediments persisted in preventing women from fully engaging in entrepreneurial activities despite these legislative attempts (Agarwal & Lenka, 2018). During this time, entrepreneurship began to be seen as a vehicle for social development and inclusive progress rather than only as a private endeavour.

A significant shift in the conception of entrepreneurship policy occurred with the liberalization measures of 1991, which aimed to deregulate the economy and promote the expansion of the private sector. The elimination of licensing requirements, the encouragement of foreign investment, and the reduction of state control over industry all created new opportunities for entrepreneurial endeavours. During this period, entrepreneurship policies shifted to prioritize market efficiency, competition, and the expansion of small and medium-sized enterprises (SMEs), which were crucial forces behind job creation and economic dynamism (Krueger, 2002; Budhwar, 2001). Over this time, the framework for entrepreneurial policy has undergone a substantial transformation, shifting from restrictive governance to facilitative ecosystem-building.

Innovation-driven and technology-focused entrepreneurship became increasingly important in the post-liberalization decades. India's distinct innovation landscape, exemplified by jugaad and frugal innovation, has been recognized by policymakers as a means to deliver cost-effective, context-appropriate solutions (Nair et al., 2015). A more substantial institutional commitment to entrepreneurship as a catalyst for social and economic change was evident in the rise of social companies, technological startups, and grassroots innovations. From a conceptual standpoint, entrepreneurship policy went beyond economic liberalization to include enterprise-led development, innovation systems, and knowledge production.

India's entrepreneurship policies are now more in line with global startup ecosystems and digital change. The creation of a digitally enabled entrepreneurial ecosystem is reflected in policies such as Startup India, Digital India, and the Atal Innovation Mission, as well as in extensive incubator networks. More than 50,000 companies are currently part of the ecosystem thanks to programs in fundraising, incubation, skilling, innovation hubs, and regulatory facilitation (Chaudhari & Sinha, 2021; Dhiman & Arora, 2024). This reflects the most recent conceptual stage, in which entrepreneurship is viewed as a national strategy for sustainable development, technological advancement, and global competitiveness in addition to being an economic activity.

Women's entrepreneurship has consistently been a policy priority across all of these stages, with programs designed to increase access to markets, credit, training, and institutional support. However, more focused and revolutionary policy initiatives are still required due to enduring sociocultural constraints (Agarwal & Lenka, 2018; Raman et al., 2022). From a conceptual standpoint, this shows how inclusivity, especially gender inclusion, has developed from a minor issue to a significant focus of entrepreneurship policy. In conclusion, there are six significant phases in the conceptual development of India's entrepreneurship policies: state-controlled industrialization, early inclusive development, liberalization-driven expansion, innovation-oriented transition, development of digital ecosystems, and ongoing emphasis on inclusive and women-centric entrepreneurship. This trend demonstrates how entrepreneurship has evolved from the periphery of economic planning to a key tool for innovation, job creation, and inclusive socioeconomic development. The research goal is successfully achieved by examining these changes, providing an organized picture of how India's entrepreneurship policies have evolved in response to shifting national goals, international trends, and development imperatives.

5.1 MSME Policy Framework

The MSME policy framework in India has been formulated to strengthen the micro, small, and medium enterprise sector, recognizing its critical contribution to economic growth, employment generation, and balanced regional industrial development. Anchored in the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the framework seeks to enhance the business environment for MSMEs by improving access to finance, technology, infrastructure, and market linkages. Its key objectives include promoting enterprise creation and sustainability, encouraging technological modernization and competitiveness, and supporting inclusive, regionally equitable entrepreneurial development. MSMEs play a central role in stimulating entrepreneurship and innovation by operating across diverse sectors and serving both domestic and international markets. They generate substantial employment opportunities at relatively low capital intensity compared to large-scale industries and function as critical ancillary units supporting industrial value chains. The MSME sector accounts for approximately 30 per cent of India's GDP and over 45 per cent of exports, underscoring its significance for inclusive economic development (MSME Annual Report, 2025). To further strengthen the sector, the Ministry of MSME implements multiple schemes focusing on credit facilitation, technology upgradation, infrastructure support, skill development, and market access. Despite these strengths, MSMEs continue to face challenges such as constrained access to affordable finance, technological obsolescence, infrastructural inadequacies, skill deficits, regulatory complexities, delayed payments, and limited awareness of policy support, which collectively impede their growth and competitiveness (Gupta, 2023).

5.2 Digital India Mission

The Digital India Mission, launched in 2015, represents a transformative national initiative aimed at establishing India as a digitally empowered society and knowledge-driven economy. By leveraging digital infrastructure, the mission seeks to enhance governance, improve public service delivery, and expand economic opportunities across sectors. For entrepreneurs, particularly those operating in technology-intensive or resource-constrained environments, Digital India provides essential digital platforms, connectivity, and institutional support to strengthen business efficiency, innovation, and scalability. According to the State of India's Digital Economy Report, 2024, unveiled by the Indian Council for Research on International Economic Relations (ICRIER), India ranks third in terms of digitalization of the economy. India's digital infrastructure has been a key driver of its third-place ranking. With a clear focus on realizing the vision of a "Viksit Bharat," i.e., a Developed India by 2047, the government has laid out a comprehensive plan to empower citizens through social welfare programs, skill development, and education.

Central to the mission are its objectives of developing high-speed digital connectivity, ensuring seamless digital delivery of government services, promoting widespread digital literacy, and fostering digital entrepreneurship. Key instruments include expanding broadband networks such as BharatNet, Aadhaar-enabled authentication systems, digital governance platforms, digital payment ecosystems, and dedicated digital support mechanisms for MSMEs through initiatives such as Udyam registration and the Government e-Marketplace. Complementary literacy programmes further empower citizens and entrepreneurs to utilize digital tools effectively. Implementation is carried out through MeitY, the Digital India Corporation, the Department of Telecommunications, and state-level mission units (GOI 2015, Digital India Programme).

While the mission has generated substantial benefits—such as improved market access, reduced transactional delays, and enhanced opportunities for digital startups—it continues to face structural challenges. These include persistent rural–urban digital disparities, cybersecurity and data privacy concerns, and limited digital capabilities among traditional MSMEs and informal enterprises. Addressing these gaps remains crucial for realizing the mission's full potential in shaping an inclusive digital entrepreneurial ecosystem.

5.3 Skill India Mission

The Skill India Mission, launched in 2015, represents a major national initiative designed to enhance vocational training and develop a skilled workforce capable of supporting both employability and entrepreneurship. It was launched by the Ministry of Skill Development and Entrepreneurship and is managed by the National Skills Development Corporation of India. Recognizing the central role of human capital in fostering enterprise creation, the mission integrates technical training with entrepreneurial skill development to equip individuals with the competencies required for self-employment and enterprise growth. By addressing the country's persistent skill gaps, the mission aims to strengthen productivity, promote innovation, and expand opportunities for skill-based entrepreneurship across diverse sectors (Shaligram & Mundhe, 2024). Its key components include short-term industry-aligned training programmes, Recognition of Prior Learning (RPL) for formalizing existing informal skills, and the expansion of training infrastructure through upgraded ITIs and Pradhan Mantri Kaushal Kendras. Industry partnerships further support curriculum development, mentorship, and placement linkages, while dedicated entrepreneurship modules introduce trainees to business planning, financial literacy, and enterprise management. The mission is implemented through a multi-level institutional architecture involving MSDE, NSDC, Sector Skill Councils, and state governments, complemented by private training partners.

While the initiative significantly strengthens the supply of skilled workforce and encourages micro-entrepreneurship, several challenges persist. These include mismatches between training and industry requirements, uneven training quality across regions, and limited conversion of skill acquisition into sustainable entrepreneurial outcomes in the absence of complementary access to finance, markets, and supportive ecosystems.

5.4 PM–MUDRA Yojana (Pradhan Mantri Mudra Yojana)

The Pradhan Mantri Mudra Yojana (PM–MUDRA), introduced in April 2015, is a flagship initiative designed to expand access to formal credit for micro and small enterprises, particularly those operating outside the corporate and formal banking system. The scheme aims to strengthen the country's entrepreneurial base by

offering collateral-free loans, thereby addressing one of the most significant barriers faced by micro-entrepreneurs in the informal sector. By enabling financial inclusion and supporting self-employment, PM–MUDRA plays a critical role in promoting enterprise creation and economic participation among underserved groups (Singh & Gupta,2021).The programme operates through a tiered loan structure -Shishu, Kishor, and Tarun, catering to different stages of business development, from early-stage micro-units to more established small enterprises. Credit is channelled through a vast network of commercial banks, regional rural banks, small finance banks, NBFCs, and MFIs, supported by refinancing mechanisms through SIDBI and credit guarantee provisions such as CGTMSE. The scheme also aligns with financial inclusion principles by extending credit to street vendors, artisans, women entrepreneurs, and SC/ST communities, thereby strengthening their capacity to initiate or expand income-generating activities.Despite its significant contributions to entrepreneurial inclusiveness, PM–MUDRA faces several critical challenges. Issues such as the risk of over-indebtedness, limited financial literacy among borrowers, and the absence of complementary support structures such as market linkages, skill development, and technological assistance can constrain the sustainability and long-term growth of MUDRA-supported enterprises. Addressing these gaps is essential for enhancing the scheme’s developmental impact within the microenterprise ecosystem.

Policies Comparison Table

Criteria	MSME Policy Framework	Digital India Mission	Skill India Mission	PM–MUDRA Yojana
Policy Objectives	Promote growth, competitiveness, and formalization of MSMEs; generate employment.	Enhance digital infrastructure; provide e-governance; enable digital entrepreneurship.	Provide industry-relevant skills; promote self-employment and entrepreneurship.	Provide collateral-free microcredit, support self-employment, and promote financial inclusion.
Target Beneficiaries	Micro, small, medium enterprises; artisans	Entrepreneurs using digital platforms, startups, and rural businesses	Youth, workers, aspiring micro-entrepreneurs	Micro-entrepreneurs, women, SC/ST, street vendors
Core Focus	Institutional & regulatory support	Digital infrastructure & services	Skill & capability enhancement	Credit access for micro-entrepreneurs
Policy Approach	Subsidies, cluster development, technology support, marketing linkages, training	Digital infrastructure, e-governance, digital literacy, online marketplaces	Vocational training, RPL, entrepreneurship modules, industry partnerships	Microloans (Shishu/Kishor/Tarun), bank/NBFC tie-ups, credit guarantee schemes
Implementing Agencies	MoMSME, SIDBI, KVIC, state MSME directorates	MeitY, Digital India Corporation, DoT, state digital mission cells	MSDE, NSDC, Sector Skill Councils, private partners	Banks, RRBs, NBFCs, MFIs, SIDBI, Ministry of Finance
Theoretical Orientation	Institutional / Developmental State Theory	Digital Transformation Theory, diffusion of innovation	Human Capital Theory	Financial Inclusion Theory
Strengths	Extensive outreach; employment generation; infrastructure & financial support	Enhances market reach; supports digital startups; reduces bureaucracy	Builds entrepreneurial skills; encourages self-employment	Lowers financial barriers; promotes inclusion; supports micro-enterprise creation
Limitations/Challenges	Fragmented schemes; administrative burden; limited innovation focus	Digital divide; cybersecurity & adoption issues	Skill–industry mismatch; uneven quality; may require complementary support	Risk of over-indebtedness; financial literacy gaps; credit alone may not ensure sustainability
Entrepreneurial Contribution	Improved business environment	Digital market & service access	Entrepreneurial readiness	Startup initiation & expansion support

Source: Author’s compilation

6. Discussion

A comparison of the MSME Policy Framework, the Digital India Mission, the Skill India Mission, and the PM–MUDRA Yojana shows how India's entrepreneurship policies have evolved. This discussion brings together the main findings and explains them using key theories. Reviewing the MSME Policy, Digital India, Skill India, and PM–MUDRA Yojana shows that India’s approach to entrepreneurship has moved from focusing mainly on subsidies to supporting a wider range of skills and capabilities. Each policy is based on a different theory, but together they create a connected system that shapes entrepreneurial results.

From an institutional theory perspective, the MSME Policy has gradually shifted toward creating a more enabling regulatory environment by reducing compliance burdens, improving market access, and promoting technology adoption. This institutional strengthening helps lower transaction costs and enhances the ease of doing business for micro and small firms. However, its effectiveness often depends on administrative efficiency, highlighting the persistent gap between policy design and ground-level implementation. Digital India represents a major structural transformation by embedding entrepreneurs within the digital ecosystem. Through digital inclusion, online service delivery, and digital market linkages, the policy aligns with innovation diffusion theory by facilitating rapid technological adoption across rural and urban contexts. Its influence extends beyond infrastructure, enabling digital financial transactions, e-governance, and the development of digital skills. However, the digital divide continues to act as a barrier, limiting the participation of less-educated and rural entrepreneurs.

Skill India, interpreted through the lenses of human capital theory and the capability approach, addresses the foundational challenge of skill deficiencies. The initiative enhances entrepreneurial capacity by developing technical, soft, and enterprise management skills. While the policy improves the availability of human capital, issues of training quality, employability, and industry linkage highlight structural limitations in India's skill ecosystem.

PM–MUDRA Yojana operates on the principle of financial inclusion, aiming to address credit market failures that constrain micro-entrepreneurs. The availability of collateral-free loans empowers first-generation entrepreneurs and facilitates the formation of new enterprises. However, challenges such as non-performing assets, limited monitoring, and low credit utilization indicate the need for more substantial financial literacy support and post-loan handholding.

Viewed collectively, these four policies exhibit strong complementarities. Digital infrastructure enhances credit access through digital lending platforms; skill development increases the productive utilization of financial resources; and institutional support from MSME frameworks strengthens market integration. These interconnected effects reflect a transition toward an ecosystem-based model of entrepreneurship, where policy outcomes depend not merely on the strength of each intervention but on the synergy among them. However, the discussion also reveals policy fragmentation. Despite shared goals, the policies frequently operate in parallel rather than as an integrated system. Overlaps in implementation, lack of unified data systems, and insufficient cross-ministerial coordination weaken the potential for a seamless entrepreneurial support ecosystem. There is a need for convergence mechanisms, integrated monitoring frameworks, and unified digital platforms to enhance policy coherence and effectiveness.

7. Interpretation of Findings

The findings indicate a clear and systematic shift in the orientation of India’s entrepreneurship policies, reflecting an evolving understanding of entrepreneurship as a multidimensional driver of economic development.

- Initially, policy interventions were largely anchored in institutional support mechanisms and subsidy-driven approaches under the MSME framework, with the primary objectives of regional industrial development, employment generation, and support for micro and small enterprises. These policies emphasized infrastructure development, cluster-based approaches, and technological assistance, positioning entrepreneurship as an extension of industrial policy rather than as a dynamic, innovation-led process.
- Over time, the policy focus transitioned toward digital enablement, most notably through the Digital India initiative, which introduced a technology-centric dimension to entrepreneurship development. This shift reflects a conceptual reorientation from traditional enterprise support toward leveraging digital infrastructure, e-governance platforms, and online marketplaces to enhance market access, reduce transaction costs, and improve regulatory efficiency. Digital India thus marked a movement toward creating an enabling digital ecosystem that supports the formation of startups and scalable entrepreneurial ventures.
- Concurrently, the introduction of Skill India added a human capital perspective to India’s entrepreneurship policy framework. By emphasizing vocational training, industry-linked skill development, and entrepreneurship-oriented curricula, Skill India sought to prepare the workforce, particularly youth, for self-employment and entrepreneurial careers. This policy recognizes that entrepreneurial success is not solely dependent on financial or infrastructural support, but also on the availability of skilled and adaptable human resources capable of engaging with evolving market demands.
- Financial inclusion emerged as a critical pillar of entrepreneurship policy with the implementation of the Pradhan Mantri Mudra Yojana (PM–MUDRA). This initiative shifted the policy emphasis toward democratizing access to credit by providing collateral-free loans to micro-entrepreneurs, with a particular focus on women, Scheduled Castes, Scheduled Tribes, and other financially underserved groups. PM–MUDRA reflects a significant conceptual advancement by addressing one of the most persistent constraints to entrepreneurship, limited access to formal finance and repositioning entrepreneurship as an inclusive development instrument.

- The findings further reveal a significant evolution in policy target groups. While earlier MSME policies broadly addressed micro and small enterprises, subsequent initiatives became increasingly segmented and purpose-driven. Digital India primarily targeted digitally enabled entrepreneurs and technology-driven startups; Skill India focused on youth and aspiring entrepreneurs by linking skill development with self-employment opportunities; and PM–MUDRA prioritized marginalized and financially excluded entrepreneurs. This progression demonstrates a growing policy sensitivity to heterogeneity within the entrepreneurial population and the need for differentiated interventions.
- The findings also highlight persistent conceptual and implementation gaps, particularly in rural outreach, digital literacy, and the systematic monitoring and evaluation of policy outcomes. Limited digital adoption in rural areas, uneven access to skill training, and challenges in assessing long-term entrepreneurial impact constrain the full realization of policy objectives. Addressing these gaps through greater policy integration and outcome-based evaluation mechanisms could strengthen the effectiveness of India's entrepreneurship ecosystem.

7.1 Conceptual Evolution of Policies

- **Phase 1 – Institutional Support (MSME):** Focus on formalization, capacity building, and employment generation.
 - **Phase 2 – Technology Enablement (Digital India):** Digital infrastructure as a tool to expand market reach and reduce operational barriers.
 - **Phase 3 – Skill Development (Skill India):** Human capital enhancement to empower youth and prepare them for entrepreneurship.
 - **Phase 4 – Financial Empowerment (PM–MUDRA):** Inclusive access to credit for micro-enterprises and marginalized groups.
- India's entrepreneurship policy evolved from traditional MSME development to technology enablement, skill building, and financial empowerment. Each policy is based on a distinct theory, reflecting a shift in the conceptual evolution:
Institutional → Digital → Human Capital → Financial Inclusion
Integration of these policies can create a **synergistic ecosystem** for entrepreneurship. Policies complement each other in building a holistic ecosystem:
skills + finance + technology + infrastructure
Digital India + MSME supports technology adoption.
Skill India + MUDRA facilitates skilled entrepreneurship with finance.

Evolution of Entrepreneurship Policies in India



Source: Author's compilation

7.2 Theoretical Implications

- **Institutional Theory:** MSME Policy demonstrates the role of government institutions in shaping entrepreneurship.
- **Digital Transformation Theory:** Digital India illustrates how technology enables market access and operational efficiency.
- **Human Capital Theory:** Skill India emphasizes investment in skills as a foundation for entrepreneurial capability.
- **Financial Inclusion Theory:** PM–MUDRA highlights the importance of accessible finance in facilitating enterprise creation.

The analysis confirms that India's policy framework has progressively integrated multiple theoretical orientations to address diverse entrepreneurial needs. These initiatives collectively demonstrate the multidimensional nature of modern entrepreneurship policy in India, incorporating institutional, technological, human capital, and financial perspectives.

7.3 Policy Gaps

Despite significant progress, several gaps continue to limit the overall effectiveness of India's entrepreneurship policy landscape. A persistent digital divide, especially in rural and remote regions, restricts equitable access to digital platforms and technology-based opportunities introduced under Digital India. The Skill India Mission still faces challenges related to skill–industry mismatch, with many training programmes not fully aligned with evolving market needs. Monitoring, evaluation, and impact measurement mechanisms across policies remain uneven, making it difficult to assess real outcomes and ensure accountability.

8. Limitations of the Study

- The study relies solely on secondary data.
- Empirical outcomes of policies are not assessed.
- Findings are based on conceptual interpretation and may vary with future policy developments.

9. Conclusion

This study examined the conceptual evolution of India's entrepreneurship policies through a comparative analysis of four major national initiatives: MSME Policy, Digital India, Skill India, and PM–MUDRA Yojana. The study shows that India's approach to entrepreneurship has gradually transformed from traditional regulatory support to a more integrated, capability-centred, and ecosystem-driven model. Each policy contributes to entrepreneurial development through distinct pathways: MSME Policy enhances institutional conditions; Digital India expands technological access and digital markets; Skill India strengthens human capabilities; and PM–MUDRA improves financial inclusion for micro-enterprises. India's entrepreneurship policy has evolved from traditional institutional support (MSME) to a more integrated ecosystem encompassing technology (Digital India), skills (Skill India), and finance (PM–MUDRA). Each policy addresses distinct dimensions of entrepreneurship: enterprise growth, digital enablement, human capital development, and financial inclusion. Despite these strengths, the study finds that the policies often operate in silos, limiting their collective impact. Fragmentation, uneven implementation, and limited cross-policy coordination reduce the effectiveness of entrepreneurial support systems. However, significant complementarities exist across these initiatives, underscoring strong potential for a more unified, synergistic policy framework.

Overall, the study contributes to the understanding of India's evolving entrepreneurship ecosystem by offering a theoretical and comparative perspective. The conceptual evolution of entrepreneurship policy in India reflects a sophisticated synthesis of economic pragmatism, technological foresight, and social inclusivity. Rather than relying on a single policy instrument, the nation has adopted a multi-pronged strategy that simultaneously strengthens financial access (PM–MUDRA), builds human capital (Skill India), fosters digital readiness (Digital India), and supports enterprise resilience (MSME reforms). It highlights the need for a comprehensive and coordinated policy architecture that supports diverse entrepreneurs and drives inclusive economic growth. Future research may extend this conceptual analysis through empirical assessments of policy outcomes and beneficiary experiences, as well as sector-specific impact studies.

A multidimensional approach is essential for strengthening entrepreneurship in India, and future policies should focus on better integration of existing initiatives to avoid overlap and ensure smooth, continuous support across key areas such as skill development, financial access, and technological enablement. It is also suggested that policymakers place stronger emphasis on rural outreach, along with enhanced digital and financial literacy, so that entrepreneurial opportunities become more inclusive and accessible to underserved communities. Future trajectories will likely involve deeper integration of artificial intelligence, green technologies, and global value chains, positioning Indian entrepreneurship not just as a domestic growth engine but as a node in the global innovation network.

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