

## The Role of Digital Entrepreneurship in Youth Employment in India: Challenges and Opportunities

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Article Info	ABSTRACT
<p><b>Article History:</b> Received: 31<sup>st</sup> Dec 2025 Accepted: 15<sup>th</sup> Jan 2026 Published: 22<sup>nd</sup> Jan 2026</p>	<p>Youth employment in India is one of the most critical issues shaping the nation's future. With nearly 65% of the population under the age of 35, India holds the title of having one of the youngest workforces in the world. Traditional employment sectors are struggling to absorb the annual influx of graduates. This paper explores digital entrepreneurship as a transformative mechanism for job creation. The study identifies key opportunities in e-commerce, fintech, and AI-driven services. Digital entrepreneurship offers a scalable solution to unemployment; its success depends on bridging the divide between academic curricula and industry-ready digital competencies. In recent years, rapid technological change, globalization, and shifting job markets have further highlighted the need to strengthen youth employment in India. From startups and digital jobs to green employment and vocational training, opportunities are growing but only for those with the right skills.</p>
<p><b>Keywords:</b>  Digital Entrepreneurship, Youth Employment, Startup</p>	

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## Introduction

Youth unemployment remains one of the most urgent socio-economic challenges of our time. Despite their potential, millions of youth face systemic barriers that limit their access to education, skills training, and meaningful employment opportunities. The transition from school to work is often fragmented or delayed, leaving many young people idle and economically marginalized. Digital entrepreneurship is the creation and pursuit of business opportunities using technical frameworks and various in formation-communicating tools. Entrepreneurs are developing business ideas by utilizing the power of technology in which the world is experiencing continuous and extensive innovation. India has created a strong policy foundation (Startup India, MUDRA, AIM, Skill India, NISP, TIDE 2.0, ASPIRE), substantial gaps remain in finance accessibility, entrepreneurial education, gender-inclusive design, and rural digital infrastructure.

## Objectives of the study

1. To provide a conceptual overview of the Digital entrepreneurship.
2. To study the impact of Digital Entrepreneurship in India.
3. To identify key challenges facing Digital Entrepreneurs in India
4. To identify future opportunities for Digital Entrepreneurs in India

## Digital Entrepreneurship

Digital entrepreneurship is about starting and running a business that operates fully online. It represents a model of entrepreneurship tailored to the digital era. Digital entrepreneurship involves leveraging the internet and digital technologies to create and run a business. Digital [entrepreneurship](#) refers to building and managing a business venture that leverages internet platforms, digital tools, and online channels to create value. Digital Entrepreneurship is the new version of doing business in the market. It is the transformation of old traditional business form into a new business form which provides lots of benefits and facilities. Transformation of old traditional business into a new digitized form is mainly due to the latest and available new technologies which has been accepted and is used worldwide. Many business firms which were earlier not able to survive in the competitive market due to several reasons have restarted their business on the online basis where they are earning tremendously an extreme huge profit.

Unlike traditional entrepreneurs who are limited by geography and resources, digital entrepreneurs can reach a global audience and utilize cost-effective marketing strategies. Digital entrepreneurs utilize technology as an advantage in both internal operations and external customer interactions. They operate businesses that may include:

- [E-commerce stores](#) and online marketplaces
- Digital content creation (blogs, podcasts, videos)
- Online services and virtual consulting
- Software development and apps

- Subscription-based digital products

### Growth of Digital Entrepreneurship

#### Global internet access and digital tools

The widespread availability of internet access has transformed entrepreneurship on a global scale. Today, businesses can reach customers anywhere with internet access, dramatically expanding potential markets. This global connectivity enables even small businesses to compete internationally—a scenario unimaginable just a decade ago.

#### Low startup costs and high scalability

One of the most compelling aspects of digital entrepreneurship is its minimal entry barriers. Unlike traditional businesses requiring substantial capital investment, digital ventures can often launch with just a computer and an internet connection.

#### Changing consumer behaviour

Perhaps most notably, shifting consumer preferences have accelerated digital entrepreneurship growth. E-commerce experienced an unprecedented boom during the pandemic, with Shopify reporting ten years' worth of growth in just three months.

### Digital Entrepreneurship vs Traditional Entrepreneurship

Digital Entrepreneurs are those individuals who set and run businesses utilising the power of the internet and technology; think of online platforms, mobile apps, or digital products. Think of e-commerce stores, social media influencers, or SaaS companies. Traditional entrepreneurs are those who would set up businesses that basically reside in the physical world: a local service provider, a restaurant, or a brick-and-mortar store.

### Digital Entrepreneurship in India

Digital entrepreneurship has revolutionized India's economic landscape, fostering innovation, creating employment, and bridging urban-rural divides. Leveraging digital platforms, startups and enterprises have expanded access to services, enhanced productivity, and contributed significantly to GDP growth. India is not far behind rich nations like US, France, Germany. India has strong start-up eco-system. India possesses potential to outcompete them in future via digital manufacturing operations. Indian manufacturing sector is moving towards automated and process-driven manufacturing with digital transformation. Digital business is the end goal and digital transformation is process that businesses undergo. India is home of intellectuals and there is tremendous scope for digital entrepreneurship

#### 1. Economic Impact

- **GDP Contribution:** Digital ventures and startups contributed approximately \$130 billion to India's GDP in 2023, representing roughly 5% of the total. This share is rising as sectors like fintech, e-commerce, and health-tech expand. The digital economy currently contributes approximately 11.74% to 12% of India's total GDP.
- **Productivity Gains:** The digital economy is nearly five times more productive than traditional sectors, with digitally-enabled industries (like ICT services) growing at 17.3% annually compared to the 11.8% general economic growth rate.

- **Global Leadership:** India is now the third-largest startup ecosystem globally, with over 85,000 startups and 80+ unicorns (startups valued at over \$1 billion). The digitally enabling industries such as ICT services and manufacturing of electronic components, computers, and communication equipment, which form the core, contributed 7.83% of GVA (Gross Value Added), while digital platforms and intermediaries added another 2% of GVA. Furthermore, digitalisation in traditional sectors like BFSI, retail, and education added 2% of GVA, showcasing the pervasive impact of digital transformation.

## 2. Employment Generation

- **Job Creation:** As of early 2025, digital startups have generated approximately 1.5 million direct jobs and an estimated 6.5 million indirect jobs.
- **The Gig Economy:** Digital platforms like Upwork and Fiverr have democratized work, allowing millions of freelancers to access global markets regardless of their physical location.

## 3. Financial Inclusion and Accessibility

Technology-driven entrepreneurship has bridged massive gaps in India's financial and social infrastructure.

- **Fintech Revolution:** Startups like Paytm, PhonePe, and BharatPe have brought over 300 million Indians into the formal banking system. In 2023, UPI transactions crossed \$10 trillion, reducing the country's reliance on cash.
- **Democratization of Capital:** Digital payment histories now serve as a signal for creditworthiness, allowing micro-entrepreneurs to access capital that was previously unavailable due to lack of formal documentation.

## 4. Social Empowerment and Rural Inclusion

- **Women Empowerment:** Platforms such as Meesho and Sheroes have empowered women, with over 60% of their sellers being female entrepreneurs, many of whom operate from home to achieve financial independence. India's digital economy is a key driver of both economic growth and employment, with an increasing role in empowering women in the workforce and creating new opportunities across various sectors.
- **Rural Transformation:** Digital platforms (e-commerce, social media) break geographical barriers, connecting rural products (handicrafts, agricultural produce) to national/global customers. Rural artisans and self-help groups (SHGs) now use platforms like Amazon and Flipkart to reach global audiences, bypassing local middlemen.

## Role of Government in digital entrepreneurship

**Infrastructure Development:** Under the BharatNet project, the government aims to provide high-speed broadband to 250,000 Gram Panchayats. The recent 5G rollout supports emerging technologies such as AI, robotics, and IoT (TRAI, 2025). The National Data Governance Framework Policy (2022) guides ethical and secure data management

across sectors (MeitY, 2022).

**Financial Inclusion and Digital Payments:** The JAM trinity (Jan Dhan-AadhaarMobile) has revolutionized welfare delivery by enabling direct benefit transfers (World Bank, 2021). Unified Payments Interface (UPI), regulated by the RBI and developed by NPCI, facilitates over 15 billion transactions monthly (RBI, 2025). Domestic payment systems like RuPay and apps like BHIM have further accelerated digital financial inclusion.

**Innovation and Startup Ecosystem:** Programs like Startup India and MeitY Startup Hub have enabled access to capital and resources for digital startups. With over 100 unicorns, India's startup ecosystem is among the fastest-growing globally (NASSCOM, 2025). The Atal Innovation Mission (AIM) supports grassroots innovation through Atal Tinkering Labs and incubation centers.

**Digital Governance:** E-governance platforms such as GSTN, MCA21, and Passport Seva have enhanced service delivery. Co WIN, used for vaccination management during COVID-19, demonstrated the government's ability to scale digital platforms effectively.

**Digital Taxation and Compliance Initiatives**

The government has also implemented several digitisation measures in the taxation and compliance regime. For example, the [Goods and Services Tax Network \(GSTN\)](#) allows businesses to file their tax returns electronically, which makes it easier to adhere to the requirements. Also, the [e-Way Bill system](#) has helped track the movement of goods and ensure compliance with the laws.

**Challenges in Digital Entrepreneurship in India**

**Infrastructure and Connectivity:** Despite significant progress, rural and semi-urban areas still suffer from inconsistent internet connectivity and power supply. These issues limit the reach of digital platforms, restricting market access for entrepreneurs

**Digital Divide:** Despite over 900 million internet users in India by 2025, rural internet penetration remains just 35% compared to 70% in urban areas, perpetuating socio-economic and educational inequalities.

**Data Privacy and Security:** India's Digital Personal Data Protection Act, 2023, mandates explicit consent and data localisation, but rising data breaches and evolving cyber threats highlight ongoing privacy and cybersecurity concerns.

**Job Displacement:** AI-driven automation in India could lead to significant job losses, with estimates ranging from 12 to 18 million jobs potentially being affected.

**Regulatory Challenges:** India's digital regulations struggle to keep pace with rapid tech changes; unclear policies on AI, data protection, and content moderation often lead to compliance uncertainty and industry pushback.

**Digital Monopolies:** The Competition Commission of India fined Meta ₹213 crore in 2024 for abuse of dominance, reflecting concerns over Big Tech's market power, anti-competitive practices, and the stifling of innovation.

**Future Prospectus for digital entrepreneurship in India**

**1. AI Integration Across Sectors**

The digital transformation in India prompts businesses worldwide to embrace AI. You can expect increased AI adoption across industries like education, healthcare, and

governance, shaping technological inclusion.

## 2. Continued Digital Solutions Adoption

India has an impressive 54% adoption rate for digital solutions. This adoption rate is sure to rise, with companies embracing technologies like cloud computing and online tools to enhance digital workflows and efficiency.

## 3. Advancement in MSMEs

The 5G wave will encourage the growth of home-based [MSMEs](#) in production expansion. Constant innovation in new technologies will lead to faster and better robots and machines in production

4. Role of Emerging Technologies: Adoption of technologies like artificial intelligence (AI), blockchain, and Internet of Things (IoT) offers significant growth potential. For example, AI-driven platforms can personalize customer experiences, while blockchain can enhance transparency in supply chains (Brynjolfsson & McAfee, 2017).

5. Inclusive Growth Through Rural Entrepreneurship: Digital platforms can bridge the urban-rural divide by providing rural entrepreneurs with access to markets, financial services, and resources. Agritech startups, for instance, are helping farmers improve productivity and profitability

## Conclusion

The rise of digital start-ups has significantly contributed to India's GDP and enhanced financial inclusion, providing access to previously underserved populations, particularly in rural areas. With the right mix of reforms and investments, Indian youth can indeed transition from job seekers to job creators — catalysing economic growth, social mobility, and technological innovation. Governments are making essential incentives and schemes to promote digitalization and for this reason, encourage e-commerce increase in India. Digitization has the potential to boost productivity, create new jobs, and improve society's quality of life. Traditional businesses must work to transform their current goods, services, and enterprise models into digital ones.

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