

'India to host a million start-ups by 2035'

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India is projected to host a million start-ups by 2035, according to Infosys Co-founder Nandan Nilekani.

Speaking at the Arkam Annual Meet 2025, the IT honcho said that four factors that could fuel the growth of India's GDP from \$6 trillion to \$8 trillion by 2035 are technology, capital, entrepreneurship and formalisation.

"If you go back 10 years, to 2016, we may have had a few thousand start-ups, of which about a thousand were funded. Today, we have 1,50,000 start-ups. We expect that the start-up ecosystem will grow at a 20 per cent compounded annual growth rate. In other words, when the economy is growing at 8 per cent, start-ups will grow at 20 per cent, reaching a billion start-ups



Nandan Nilekani,
co-founder, Infosys

by 2035," he shared. As of June 30, 2024, the DPIIT recognised 1,40,803 entities as start-ups in India.

However, Nilekani pointed out several challenges hindering this growth, including income disparity, lack of organisation, low productivity and limited market access, among others.

"It's shocking that only 13 out of 788 districts contribute to half of India's GDP. Then you come to income disparity, where the top 10 per cent earn 60 per cent of India's national income and another 40 per cent earn

₹1.65 lakh per annum. But the bottom 15 per cent earn only ₹71,000 per annum," he said.

ILLIQUID ASSET

In addition, real estate remains the largest asset class for Indians, and yet cannot be effectively monetised. Landowners in India face challenges when attempting to use their land as collateral for credit. With 50 per cent of India's wealth tied to land, this issue is even more pronounced in rural areas.

India is also among the smallest formal economies, with only 15 per cent of Indians in the formal economy. "Informality is not only about individuals but also businesses. We are supposed to have 63 million small and micro businesses but only 8 million file GST, a symbol of formalisation. Only 1 million pay Employee's State Insurance, which is a defined benefits system. Only about

29,000 have a made-up capital of over ₹10 crore, so it's a small set of people. There is a lack of formalisation in the business sector," Nilekani said.

An RBI report observed a gap of \$530 billion between the demand and supply of capital for small businesses. The combination of lack of access to capital and markets leads to stunted growth, he shared.

AI FOR GROWTH

Harnessing the power of AI can drive enhanced productivity, foster innovation and boost global competitiveness across industries. AI offers vast potential for transforming sectors and helping businesses remain competitive in an increasingly digital world, he said.

Alongside, the tokenisation of illiquid assets, combined with the account aggregator framework, is set to improve capital efficiency.