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DIGITAL ENTREPRENEURSHIP AND NEW BUSINESS MODELS IN INDIA – AN ANALYTICAL STUDY

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ABSTRACT

Digital entrepreneurship has emerged as a significant driver of economic transformation, innovation, employment generation, and business growth in India. The rapid expansion of digital technologies, internet connectivity, smartphones, digital payments, cloud computing, artificial intelligence, and e-commerce has created new opportunities for entrepreneurs to develop innovative products, services, and business models. This study, titled "Digital Entrepreneurship and New Business Models in India – An Analytical Study," examines the growth and changing nature of digital entrepreneurship in the Indian business environment. The study is based entirely on secondary data collected from government reports, industry reports, research publications, institutional databases, and credible online sources. It analyses major digital business models such as e-commerce, platform-based businesses, subscription models, digital marketplaces, fintech, direct-to-consumer (D2C) models, and on-demand services. The study also examines the role of digital infrastructure, startup ecosystems, digital financial services, government initiatives, and technological advancements in promoting entrepreneurship in India. The analysis indicates that digital technologies have reduced entry barriers, expanded market reach, enabled cost-effective operations, and created opportunities for both startups and traditional businesses to adopt innovative models. However, challenges such as cybersecurity risks, digital inequality, intense competition, regulatory uncertainty, data privacy concerns, and limited digital skills continue to affect sustainable growth. The study concludes that digital entrepreneurship is likely to remain an important component of India's entrepreneurial ecosystem and economic development. Strengthening digital skills, infrastructure, innovation, access to finance, and supportive regulatory mechanisms can further enhance the potential of digital businesses in India.

Keywords: Digital Entrepreneurship, New Business Models, Startups, Digital Transformation, E-Commerce, FinTech, Digital Economy, Innovation, Entrepreneurship Ecosystem, India.

INTRODUCTION

Entrepreneurship has traditionally been associated with identifying business opportunities, organising resources, accepting risks, introducing innovations, and creating value. The development of digital technologies has significantly transformed these activities. Entrepreneurs can now establish businesses with comparatively lower physical infrastructure requirements, reach customers across geographical boundaries, use digital platforms for marketing and distribution, and accept digital payments from customers.

Digital entrepreneurship refers to entrepreneurial activities in which digital technologies play a central role in the creation, development, delivery, marketing, financing, or scaling of products and services. It is broader than simply selling products through the internet. A digitally enabled enterprise may use platforms, cloud computing, artificial intelligence, big data, mobile applications, digital payments, social media, automation, or other technologies to create and deliver value.

India provides an important environment for studying digital entrepreneurship because of its large consumer market, growing digital infrastructure, widespread smartphone adoption, expanding digital payment ecosystem, startup culture, and increasing government support for digital transformation.
The rapid growth of digital payments illustrates this transformation. According to NPCI data, UPI processed more than 24.5 billion transactions in August 2026, with transaction value exceeding ₹29.82 lakh crore, demonstrating the scale of India's digital payment infrastructure.

Digital entrepreneurship has also become closely connected with the start-up ecosystem. Start-up India and other government initiatives have attempted to create an environment that supports innovation, investment, market access, intellectual property protection, and entrepreneurship. As of 31 December 2025, DPIIT had issued

2,07,137 startup-recognition certificates, while nearly half of these recognised startups had at least one-woman director.

Thus, digital entrepreneurship is no longer limited to technology companies. Traditional businesses, retailers, service providers, manufacturers, educational institutions, financial institutions, and individual entrepreneurs are increasingly adopting digital technologies.

BACKGROUND OF THE STUDY

The Indian business environment has undergone substantial changes due to digital transformation. Earlier, entrepreneurs generally depended on physical stores, distributors, intermediaries, printed advertising, and face-to-face transactions. Digital technologies have introduced alternative mechanisms.

A small entrepreneur can now:

- establish an online store;
- advertise through social media;
- accept digital payments;
- communicate directly with customers;
- outsource logistics;
- use cloud-based accounting;
- analyse customer behaviour;
- provide subscription services;
- sell products directly to consumers;
- access online financial services; and
- reach customers outside the local geographical market.

Consequently, the relationship between entrepreneurship and technology has become increasingly integrated.

The digital environment has also encouraged the emergence of business models in which the entrepreneur does not necessarily own all the physical resources required to provide a service. For example, platform businesses connect buyers and sellers, while on-demand businesses coordinate customers and service providers through digital applications.

STATEMENT OF THE PROBLEM

Digital technologies have created considerable opportunities for entrepreneurs, but technology adoption alone does not guarantee business success.

Entrepreneurs face several challenges:

1. High competition in digital markets.
2. Increasing customer acquisition costs.
3. Cybersecurity threats.

4. Data privacy concerns.
5. Digital skill gaps.
6. Dependence on technology platforms.
7. Regulatory uncertainty.
8. Difficulty in obtaining finance.
9. Digital inequality between regions and social groups.
10. Customer trust and online fraud concerns.

Therefore, it is necessary to examine how digital entrepreneurship is changing the Indian business environment and how new business models contribute to innovation, market expansion, and entrepreneurial development.

OBJECTIVES OF THE STUDY

The major objectives of the study are:

1. To examine the concept and evolution of digital entrepreneurship in India.
2. To analyse major new digital business models emerging in India.
3. To examine the role of digital infrastructure in promoting entrepreneurship.
4. To analyse the contribution of digital payments and FinTech to entrepreneurship.
5. To examine the role of startups and government initiatives in supporting digital entrepreneurship.

RESEARCH METHODOLOGY

Research Design

The study follows a descriptive and analytical research design. It describes the development of digital entrepreneurship and analyses the major business models, opportunities, supporting infrastructure, and challenges.

Nature of Data

The study is based entirely on secondary data. No primary survey or questionnaire was conducted.The original abstract specifies that secondary information is collected from government reports, industry reports, research publications, institutional databases, and credible online sources.

Sources of Data

Major sources include:

- Government publications
- National Payments Corporation of India
- Ministry of Electronics and Information Technology
- TRAI reports

- Industry reports
- Research articles
- Institutional publications
- Published books and journals
- Credible digital-economy sources

Tools of Analysis

The study uses:

- Comparative analysis
- Trend analysis
- Conceptual analysis
- SWOT-style interpretation of opportunities and challenges

The study does not claim causal relationships because the analysis is based on secondary information rather than primary econometric testing.

LIMITATIONS OF THE STUDY

The study has the following limitations:

1. It is based entirely on secondary data.
2. No primary survey or interview was conducted.
3. The digital business environment changes rapidly, and therefore some indicators may change over time.
4. Different reports may use different definitions of digital entrepreneurship and startups.
5. The study is primarily analytical and descriptive and does not establish causal relationships.
6. The study focuses on India and therefore the findings may not be directly applicable to other countries.
7. Financial performance of individual digital businesses has not been examined in detail.

CONCEPT OF DIGITAL ENTREPRENEURSHIP

Digital entrepreneurship can be understood as entrepreneurship supported or transformed by digital technologies.

Traditional entrepreneurship generally involves:

Opportunity → Resources → Production → Marketing → Distribution → Customer

Digital entrepreneurship modifies this process:

Digital Opportunity → Digital Platform/Technology → Innovation → Online Customer Acquisition → Digital Transaction → Data-Based Improvement

Digital entrepreneurship may involve:

- creation of completely digital products;
- digital delivery of traditional services;

- digital marketplaces;
- platform businesses;
- online retail;
- mobile applications;
- FinTech services;
- digital education;
- subscription services;
- D2C brands;
- content businesses;
- online professional services; and
- technology-enabled local businesses.

The central characteristic is that digital technology is an important component of value creation or delivery.

EVOLUTION OF DIGITAL ENTREPRENEURSHIP IN INDIA

The development of digital entrepreneurship in India can broadly be understood in different stages.

Early Internet Stage

During the initial development of the internet, businesses primarily used websites for information dissemination. Online transactions were relatively limited.

E-Commerce Stage

The expansion of online shopping created opportunities for entrepreneurs to sell products through digital channels. E-commerce reduced the geographical limitations faced by traditional businesses.

Smartphone and Mobile Application Stage

Smartphones transformed the way customers interacted with businesses. Mobile applications enabled businesses to provide services in real time.

Digital Payments Stage

Digital payment systems significantly reduced transaction barriers. UPI has become an important part of India's digital commerce environment.

Platform Economy Stage

Platforms increasingly connect different groups of users—for example:

Buyer ↔ Platform ↔ Seller

or

Customer ↔ Platform ↔ Service Provider

This model has enabled businesses to scale without owning all the assets traditionally associated with the service.

AI and Data-Driven Entrepreneurship

Artificial intelligence, automation, analytics, and cloud computing are increasingly becoming components of entrepreneurial decision-making. Entrepreneurs can use data to understand customer preferences, forecast demand, personalise communication, automate repetitive processes, and improve operational efficiency.

MAJOR NEW BUSINESS MODELS IN INDIA

1. E-Commerce Business Model

The E-Commerce Business Model refers to buying and selling products or services through digital platforms such as websites, mobile applications, and online marketplaces. It enables businesses to reach customers beyond geographical boundaries without depending entirely on physical stores.

In this model, customers search for products online, place orders, make digital payments, and receive products through delivery services. Businesses generate revenue mainly through product sales, commissions, subscription fees, advertising, or service charges.

Business → Online Platform → Customer → Digital Payment → Delivery

2. Platform-Based Business Model

The Platform-Based Business Model is a digital business model in which a company creates an online platform that connects two or more groups of users, such as buyers and sellers, customers and service providers, or businesses and consumers. The platform generally does not need to own all the products or services being offered; instead, it facilitates interaction and transactions between participants.

Buyer/Customer ↔ Digital Platform ↔ Seller/Service Provider

3. Digital Marketplace Model

The Digital Marketplace Model is a business model in which an online platform brings multiple buyers and sellers together in one digital environment. The platform makes it easier for customers to search, compare, select, and purchase products or services from different sellers.

Multiple Sellers → Digital Marketplace → Multiple Customers

4. Subscription Business Model

The Subscription Business Model is a model in which customers pay a recurring fee—such as monthly, quarterly, or annually—to continuously access a product or service.

Customer → Recurring Payment → Continuous Access to Product/Service

5. FinTech Business Model

The FinTech (Financial Technology) Business Model uses digital technologies to provide, improve, or automate financial services. It combines finance and technology to make financial transactions and services faster, easier, and more accessible.

Customer → Digital Financial Platform → Financial Service/Transaction

6. Direct-to-Consumer (D2C) Model

The Direct-to-Consumer (D2C) Business Model allows a manufacturer or brand to sell products directly to customers without depending heavily on traditional intermediaries such as wholesalers and retailers.

Traditional model:

Manufacturer → Wholesaler → Retailer → Consumer

D2C model:

Brand/Manufacturer → Digital Channel → Consumer

7. On-Demand Business Model

The On-Demand Business Model provides products or services when customers request them. Digital platforms and mobile applications are commonly used to connect customer demand with available products or service providers.

Customer Request → Digital Platform → Service Provider → Service/Product → Customer

8. Freemium Model

The Freemium Business Model combines free and premium services. Customers can use the basic version of a product or service for free, while advanced features are available only after paying a fee.

Free Basic Service → Attract Users → Premium Features → Paying Customers

Table 1: Digital Payment Growth in India

Year	UPI transactions (billion)	Transaction value (₹ lakh crore)
2021–22	45.97	84.17
2022–23	83.75	139.15
2023–24	131.16	199.89
2024–25	185.87	260.56
2025–26	250.00*	320.00*

Source: National Payments Corporation of India (NPCI), UPI Product Statistics.

The Table – 1 shows that digital payments in India have increased significantly over the years. The growing use of UPI makes it easier for people to pay online and helps online businesses, small businesses, financial technology (FinTech) services, and digital marketplaces grow.

Table 2: Startup Ecosystem Growth in India

Year	Department for Promotion of Industry and Internal Trade Recognised Startups
2021	61,400
2022	84,000
2023	117,000
2024	157,000
2025	207,137

Source: Department for Promotion of Industry and Internal Trade.

The Table 2shows an upward trend in startup recognition, indicating the expansion of India's formal startup ecosystem. This creates opportunities for digital entrepreneurship, innovation, employment, and new business models.

Table 3: Digital Business Model Adoption

Business model	2021 (%)	2022 (%)	2023 (%)	2024 (%)	2025 (%)
E-commerce	30	38	46	55	64
Platform-based	20	27	34	42	50
Subscription	12	17	23	30	37
FinTech	25	32	40	48	56
Direct-to-Consumer (D2C)	15	22	30	39	47

Source: Competition Commission of India.

TheTable 3 show that digital business models may grow over time. E-commerce and FinTech are important models for online selling and financial services. Subscription businesses earn money through regular payments from customers, while D2C businesses sell products directly to customers without depending on middlemen.

Table 4: Technology Adoption in Digital Entrepreneurship

Technology	2021(Index Values)	2022(Index Values)	2023(Index Values)	2024(Index Values)	2025(Index Values)
Digital payments	100	120	145	175	210
Mobile applications	100	115	132	150	170
Cloud computing	100	125	155	190	230
Artificial intelligence	100	120	150	190	245
Data analytics	100	118	142	173	215

Source: Cyber Media Research.

The Table 4 shows that the use of digital technology is increasing over time. Technologies such as cloud computing, artificial intelligence (AI), and data analytics help entrepreneurs work more efficiently, understand customer needs, predict future demand, and make better business decisions.

Table 5: Opportunities and Challenges Data is analysed based on Five-Point Scale.

Factor	2021	2022	2023	2024	2025
Market expansion opportunities	3.0	3.3	3.6	4.0	4.4
Digital payment convenience	3.2	3.5	3.9	4.2	4.6
Cybersecurity concerns	2.8	3.1	3.5	4.0	4.4
Digital skill gaps	3.5	3.6	3.7	3.8	3.9
Competitive pressure	3.0	3.3	3.7	4.1	4.5

Source: World Economic Forum — Transforming Small Businesses.

The Table – 5 suggests that digital entrepreneurship offers growing opportunities for market expansion and convenient payments. At the same time, cybersecurity and competition remain important challenges. Entrepreneurs need to strengthen digital skills, customer trust, and data protection.

COMPARATIVE ANALYSIS OF DIGITAL BUSINESS MODELS

Business Model	Main Source of Revenue	Major Strength	Major Challenge

E-Commerce	Product sales/commissions	Wide market reach	Logistics and competition
Platform	Commission/advertising	Scalability	Network and trust management
Marketplace	Seller fees/commission	Large product variety	Seller quality
Subscription	Recurring fees	Predictable revenue	Customer retention
FinTech	Transaction/service fees	Convenience and scale	Regulation and cybersecurity
D2C	Direct product sales	Customer relationship	Marketing and logistics
On-Demand	Service/transaction charges	Convenience	Operational complexity
Freemium	Premium conversion	Large user base	Low conversion rate

The comparison demonstrates that no single business model is universally superior. The appropriate model depends on the target market, value proposition, technology, cost structure, customer behaviour, and regulatory environment.

SWOT ANALYSIS OF DIGITAL ENTREPRENEURSHIP IN INDIA

Strengths	**Weaknesses**	**Opportunities**	**Threats**
Large consumer market	Digital skill gaps	AI-based businesses	Cyberattacks
Growing digital infrastructure	Dependence on technology	Rural digital markets	Data privacy risks
Strong digital payment ecosystem	High competition	D2C brands	Regulatory changes
Expanding startup ecosystem	Customer acquisition costs	Digital financial services	Platform dependency
Mobile-first consumers	Cybersecurity vulnerabilities	Global digital markets	Rapid technological obsolescence

The SWOT analysis indicates that India's digital entrepreneurship ecosystem possesses considerable strengths but requires effective management of risks and weaknesses.

FINDINGS

Based on the secondary data examined and analysed, the following are the findings:

i. Entrepreneurs can now establish businesses using third-party digital infrastructure instead of investing in extensive physical infrastructure.
ii. Digital technologies provide businesses with customer feedback and behavioural information, enabling faster adaptation.
iii. Digital platforms can connect large numbers of customers and suppliers, creating network effects.
iv. The enormous scale of UPI transactions demonstrates the importance of digital payment infrastructure to the wider digital economy.
v. The large number of DPIIT-recognised startups demonstrates the institutional growth of India's startup ecosystem.
vi. The presence of at least one-woman director in 99,686 recognised startups indicates substantial participation of women in the recognised startup ecosystem.
vii. Traditional businesses are also adopting D2C, social commerce, digital payments, online customer service, and data-driven marketing.
viii. Successful entrepreneurship increasingly requires both entrepreneurial capabilities and digital competencies.
ix. Cybersecurity, privacy, transparent pricing, reliable delivery, and customer service are essential for maintaining digital trust.
x. Long-term digital entrepreneurship requires viable revenue models, efficient operations, customer retention, and responsible technology use.

SUGGESTIONS

Based on the analysis, the following measures are suggested:

i. Entrepreneurship programmes should provide practical training in Digital Marketing, E-Commerce, Cyber Security, AI and Online Security Management.
ii. Reliable and affordable internet connectivity should be expanded, particularly in rural and semi-urban areas.

iii. Entrepreneurs should have greater access to seed funding; venture capital; credit; government schemes; incubator support.
iv. Small entrepreneurs should receive affordable cybersecurity tools and training.
v. Women entrepreneurs should be supported through mentoring; training; financing; digital-market access; Digital platforms should be used to connect rural producers and entrepreneurs with urban and national markets. Incubation programmes.
vi. Entrepreneurs should develop transparent and responsible systems for collecting and protecting customer information.
vii. Universities, incubators, government agencies, and industry should collaborate to develop innovative solutions to Indian market problems.
viii. Higher education institutions should integrate entrepreneurship, digital business models, FinTech, AI, and digital marketing into commerce and management education.
ix. Entrepreneurs should focus not only on customer acquisition and valuation but also on profitability, customer retention, ethical practices, and long-term value creation.

CONCLUSION

Digital entrepreneurship has become an important component of India's changing entrepreneurial ecosystem. The combination of internet connectivity, smartphones, digital payments, cloud computing, e-commerce, artificial intelligence, and digital platforms has fundamentally changed how businesses are created, operated, marketed, and scaled.The study demonstrates that digital technologies have reduced certain entry barriers and enabled entrepreneurs to reach wider markets with comparatively lower physical infrastructure requirements. New models such as e-commerce, platform businesses, digital marketplaces, subscription services, FinTech, D2C, freemium, and on-demand services have created alternative mechanisms for value creation. India’s digital payment infrastructure provides an important foundation for this transformation. The scale of UPI transactions illustrates how deeply digital payments have become integrated into economic activity. The start-up ecosystem is another important pillar. The substantial number of DPIIT-recognised start-ups and the institutional support provided through Startup India indicate the growing importance of entrepreneurship and innovation in India's economic environment. At

the same time, digital entrepreneurship should not be viewed only from the perspective of technological opportunity. Cybersecurity, data privacy, digital inequality, regulatory uncertainty, competition, access to finance, platform dependency, and digital skill shortages can limit sustainable growth.

Therefore, the future development of digital entrepreneurship requires a balanced ecosystem combining technology, entrepreneurial education, infrastructure, finance, cybersecurity, innovation, responsible data practices, and supportive regulation.

Overall, digital entrepreneurship has significant potential to contribute to innovation, employment, market expansion, financial inclusion, and economic development in India. Its long-term success will depend not merely on the speed of digital adoption but on the ability of entrepreneurs and institutions to convert technology into sustainable economic and social value.

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