

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE
LOK SABHA**

**UNSTARRED QUESTION NO. 2975.
TO BE ANSWERED ON TUESDAY, THE 10TH MARCH, 2026.**

STARTUP CLOSURES IN INDIA

2975. SHRI G KUMAR NAIK:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

वाणिज्य एवं उद्योग मंत्री

- (a) the number of startups that have ceased operations or been officially closed down during each of the last five years, year-wise, including the details of the sectors most affected;
- (b) the reasons for the closure of these startups, categorised broadly under factors such as funding constraints, regulatory challenges, market contraction, failure to scale, technology or talent gaps and any other major causes identified; and
- (c) the steps being taken or proposed to be taken by the Government to address the key challenges leading to startup closures, including measures to improve access to capital, implementing anti-competitive activities and ecosystem interventions to sustain entrepreneurship and innovation?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI JITIN PRASADA)**

- (a): As on 31st January 2026, a total of 2,12,283 entities have been recognised as startups by the Department for Promotion of Industry and Internal Trade. 6,789 recognised startups are categorized as closed (i.e., dissolved/struck-off), as per the Ministry of Corporate Affairs (MCA). The industry-wise number of entities which are categorized as closed (i.e., dissolved/struck-off) are placed as **Annexure-I**.
- (b): Startup closures that occur are generally influenced by factors such as the viability of the business model, alignment with market demands, domestic and global economic conditions, the nature of products and services developed, the ability to attract funding, and other business specific considerations.
- (c): To ensure the sustainability and growth of startups, the Government unveiled an action plan for startups comprising of schemes and incentives which include measures to improve access to capital along with ecosystem interventions to sustain entrepreneurship and innovation. The Action Plan comprises of 19 action

items spanning across areas such as “Simplification and handholding”, “Funding support and incentives” and “Industry-academia partnership and incubation”.

The flagship Schemes namely, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS) and Credit Guarantee Scheme for Startups (CGSS) support startups at various stages of their business cycle. The Government also implements periodic exercises and programs including States’ Startup Ranking, National Startup Awards, and Innovation Week which play an important role in the holistic development of the startup ecosystem. Government also encourages and support ecosystem led initiatives as Startup Mahakumbh which serve as a vibrant platform for stakeholders to network and collaborate. Initiatives to improve market access and enable public procurement also support startups in growing and scaling up their businesses have also been undertaken. The Government has also taken various measures to enhance ease of doing business including starting up of business, raising capital, and reducing compliance burden to simplify the regulatory environment and create a conducive business environment.

As per the Competition Commission of India (CCI), the Competition Act, 2002 ('the Act') was enacted to prevent practices having adverse effects on competition, to promote and sustain competition in markets, to protect interests of consumers and to ensure freedom of trade carried on by other participants in markets. The Act prohibits anti-competitive agreements (Section 3), abuse of dominant position (Section 4) and provides for regulation of combinations i.e., mergers and acquisitions (Sections 5 & 6).

The Competition Commission of India (CCI) has been established under the Act to enforce these provisions and empowers CCI to issue appropriate remedies for such anti-competitive behaviour. Since its inception, CCI has been enforcing the Act and promoting fair competition in the markets. It has issued various decisions and orders against firms that have violated the provisions of the Act and has imposed penalties and directed remedies in case of anti-competitive conduct.

The Government, through the Competition (Amendment) Act, 2023, introduced a specific provision relating to deal value threshold to capture transactions not meeting the asset and turnover thresholds. With this enabling provision, all Merger & Acquisition (M&A) transactions involving smaller companies/ enterprises with deal value exceeding Rs. 2000 crore and where the Target enterprise (i.e. enterprise being acquired) is having substantial business operations in India, will be notified to the Competition Commission of India (CCI). This will provide an opportunity to CCI to address likely harm to competition (Appreciable Adverse Effect on Competition) due to such transactions.

ANNEXURE-I**ANNEXURE REFERRED TO IN REPLY TO PART (a) OF THE LOK SABHA UNSTARRED QUESTION NO. 2975 FOR ANSWER ON 10.03.2026.**

The industry-wise number of entities which have been recognised as startups by DPIIT categorized as closed (i.e., dissolved/struck-off) as per the Ministry of Corporate Affairs (MCA) are as under:

Industry	Number of entities recognised as startups categorized as closed (i.e., dissolved/struck-off)
Advertising	60
Aeronautics Aerospace & Defence	45
Agriculture	301
AI	156
Analytics	51
Animation	3
AR VR (Augmented + Virtual Reality)	51
Architecture Interior Design	37
Art & Photography	21
Automotive	125
Biotechnology	10
Chemicals	25
Computer Vision	24
Construction	167
Dating Matrimonial	10
Design	46
Education	491
Enterprise Software	158
Events	47
Fashion	111
Finance Technology	203
Food & Beverages	320
Green Technology	142
Healthcare & Lifesciences	553
House-Hold Services	61
Human Resources	119
Indic Language Startups	32
Internet of Things	132
IT Services	875
Logistics	26
Marketing	152
Media & Entertainment	129
Nanotechnology	11
Non- Renewable Energy	188
Other Specialty Retailers	37

Industry	Number of entities recognised as startups categorized as closed (i.e., dissolved/struck-off)
Others	305
Passenger Experience	1
Pets & Animals	21
Professional & Commercial Services	262
Real Estate	59
Renewable Energy	138
Retail	212
Robotics	43
Safety	18
Security Solutions	44
Social Impact	51
Social Network	83
Sports	32
Technology Hardware	166
Telecommunication & Networking	57
Textiles & Apparel	90
Toys and Games	10
Transportation & Storage	123
Travel & Tourism	127
Waste Management	28
Total	6,789
