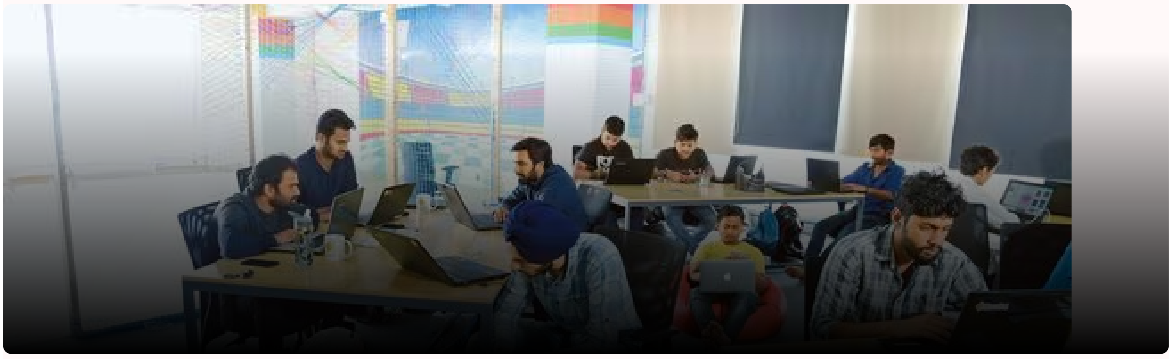
Post-pandemic digital push sparks wave of new company formations in India

Niti Kiran, **Abhinaba Saha** | 3 min read | 29 Jul 2026, 11:51 AM IST



Nearly 61% of the companies registered over the past decade came in FY22 onwards, highlighting the sharp post-pandemic acceleration in business formation.**(Mint)**

SUMMARY

Post-pandemic digital adoption and regional expansion have driven a record surge in new business incorporations across India. However, long-term success will hinge on reviving manufacturing momentum and ensuring enterprise survival beyond registration.

The covid-19 pandemic proved to be an inflection point for India's corporate landscape, turning a period of unprecedented disruption into a catalyst for explosive business creation.

As the economy adapted, entrepreneurial activity surged, spreading beyond traditional hubs into newer sectors and geographies, signalling a broader shift in where and how companies are being formed.

At the heart of this entrepreneurial surge is a deeper structural shift in the economy, fuelled by rapid **digital adoption** and sustained policy support. The widespread use of digital payments and online platforms made it easier for entrepreneurs to reach customers, reduce costs, and expand quickly, analysts said.

Data tabled by the ministry of corporate affairs (MCA) in the Lok Sabha showed that the total number of companies registered over the past ten years jumped from 97,851 in FY17 to 2,47,755 in FY26.

This means that over the past decade, about 150,000 companies were registered across the country, with nearly two-thirds (61%) coming in the post-pandemic years from FY22 onwards. The services sector led the momentum in new business formation.

Post-pandemic boom

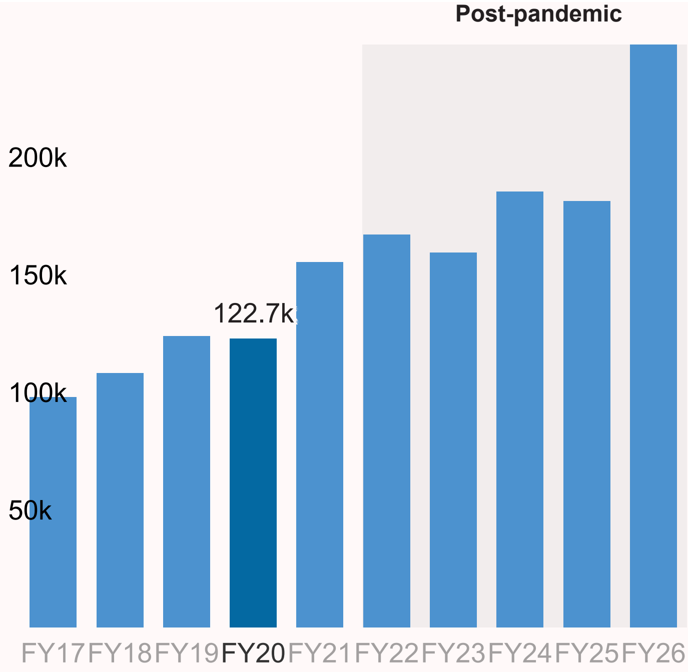
Between FY17 and FY20, company formation grew at a steady pace, expanding roughly 1.2x over the period. However, registrations more than doubled over the subsequent years as the post-pandemic period triggered a sharp acceleration in entrepreneurial activity instead of a slowdown.

"During and after the pandemic, businesses and consumers adopted digital platforms at an unprecedented pace. UPI transformed how money moves within the economy, allowing entrepreneurs to access customers more efficiently than ever before," noted Suneeth Katarki, founding partner at IndusLaw.

He added that digital infrastructure reduced transaction costs, expanded market reach and enabled businesses to scale much faster than they could in the pre-pandemic environment. Reforms such as a streamlined goods and services tax (**GST**) also helped create a more integrated domestic market.

Digital infrastructure triggers post-pandemic boom

Total number of companies registered, year-wise



Source: Ministry of Corporate Affairs (via Lok Sabha reply) Get the data

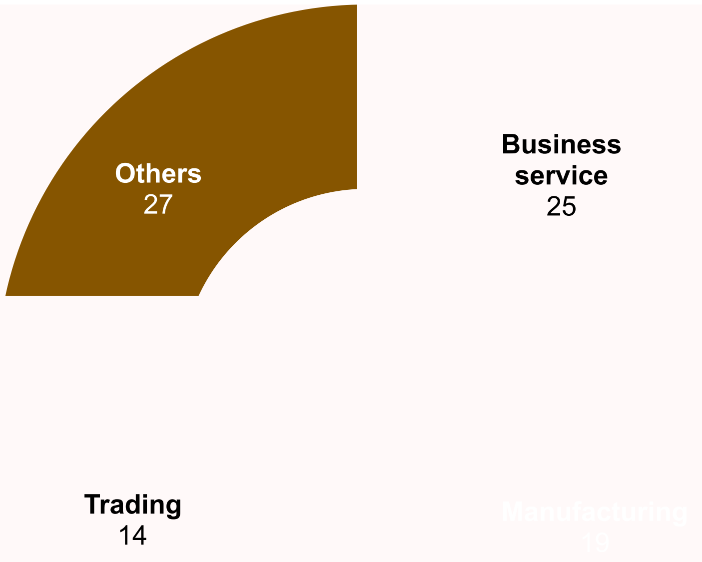
Low capital requirements combined with digital reach gave asset-light service ventures a major boost. The sectoral breakdown highlights this concentration, with business services commanding the largest share of active companies at 25%, followed by manufacturing at 19%, community, personal, and social services at 15%, and trading at 14%.

Latest MCA figures confirm that the service sector continues to mark the highest expansion in active companies, outperforming industrial and agricultural activity. The manufacturing-led entrepreneurship has struggled to match the services momentum.

“While physical infrastructure has improved in recent years, entrepreneurs still face structural bottlenecks around land availability, reliable power supply, and industrial infrastructure,” said Katarki.

Services lead the surge

Economic sector-wise classification of active companies, % share



Source: Ministry of Corporate Affairs   Get the data

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Beyond traditional hubs

Entrepreneurial activity is increasingly expanding into regional hotspots beyond traditional economic hubs. While Maharashtra consistently retained its crown as the primary engine for business incorporations, entrepreneurial momentum is visibly shifting toward regional markets.

Over the past decade, traditional hubs like Delhi saw a steady registration growth, but states such as Bihar and Jharkhand witnessed a threefold surge. North-eastern states have also recorded impressive momentum in new company setups.

While a significant cost and labour arbitrage exists between metropolitan cities and regional areas, experts point to a need for deeper institutional capacity to sustain this shift. "The fact that incorporations are moving beyond metro cities is a positive sign," noted Yogesh Singh, partner of corporate practice at Trilegal. "Yet, incorporation growth alone does not prove that regional ecosystems are mature."

He explained that decentralised entrepreneurship requires reliable physical infrastructure, digital connectivity, skilled local talent, access to early-stage capital, predictable state-level clearances, and faster dispute resolution. Because traditional hubs still benefit from dense networks of investors and clients, regional markets will require deeper institutional capacity to sustain the shift from registration to scale, Singh added.

Going ahead, the critical test is whether **India’s corporate ecosystem** can maintain this trajectory. “Sustaining this momentum will require broadening the entrepreneurial base,” said Katarki. “Services alone cannot drive India's long-term economic aspirations. Manufacturing, industrial production and innovation-led sectors will need to play a much larger role if this post-pandemic entrepreneurial wave is to become a lasting structural shift.”

Meanwhile, Singh pointed out that amid heightened geopolitical uncertainty, acceleration will depend less on whether India can incorporate more entities and more on whether it can help them survive, raise capital, resolve disputes and exit efficiently.