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## Entrepreneurship in India – Evolution and Transformation

It is surprising to see a nation like India that was once known for commodities like cotton, jute or spices and regarded an exotic land is now transformed into a powerhouse of Software and Information Technology capabilities. So much so that today India is the third most exciting startup ecosystems in the world. There was a gradual change in the mind-set of community that once believed that being successful in business required hand-on exposure which was more useful than classroom based higher education. But, with the advent of technology as the key driver of business followed by rising importance and inevitability of professional education for creation of new venture has changed the age old mind-set of people.

In the last few years, entrepreneurship eco-system in the country has become conducive for new age ventures. Availability of seasoned mentors, growth stage investors, venture capitalists and private equity players have infused lots of energy and positivity in the system. Various initiatives in academic institutions especially engineering colleges are taken to sensitive students towards entrepreneurship and triggering their interest and desire for setting up own ventures. Incubation centers are also supporting this movement followed by increasing number of private players rolling out startup accelerators. This movement has further received a boost due to the support by The Government of India in terms of several initiatives and policy measures to foster a culture of innovation and entrepreneurship in the country.

Job creation is a foremost challenge facing India. But the young demographic profile of India is offering tremendous potential for setting up new ventures and subsequently leading to job creation. To nurture innovation, Gol is announcing wide spectrum of programs and also engaging academia, industry experts, small and big entrepreneurs and investors for successful implementation of those programs. Many policy initiatives like easy access to finance, networking platforms, markets and training, etc. are taken to encourage women entrepreneurs and bring them to the forefront of country's growing entrepreneurial ecosystem.

In recent years, India has become a center of disruptive innovation, a hotbed of entrepreneurial activity and we have seen a burgeoning of entrepreneurial talent and ideas across a variety of sectors. Indian entrepreneurs who were previously compelled to migrate to the western world to seek investment and world leading technology now have access to both at home, with global industry and academia both looking very seriously at India for opportunities to collaborate.

Today entrepreneurship has gained a lot of respect, with people from diverse backgrounds breaking into the big picture. What has changed in the last 25 years is the belief that anybody can do business, provided he/she has the right idea. Following are the key developments in the

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economic and social fabric of the country revolutionizing the entrepreneurial ecosystem in India.

## **Role of new age technology**

The rapid progress in the field science and technology has significantly expanded the scope of innovation in production, helping entrepreneurs explore new grounds and launch new ideas.

Majority of India's start-ups are coming up in the areas of technology be it e-commerce, IT-enabled healthcare services, etc.

Example: Flipkart, Just dial, Bookmyshow, Makemytrip, etc.

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Realizing the potential of businesses in creating jobs, successive governments have lent policy support to entrepreneurs at state and national levels.

Policies encouraging SMEs (ex. making loans easier for them) have changed the face of entrepreneurship in India.

Financial crisis as a reality check

The global financial crisis of the last decade which saw many old institutions and markets crumble also saw the rise of new ideas and newer ways of doing things across the world including India.

The realization that too much investment in real estate or equity markets is not a good idea enabled newer ideas to emerge in many countries including India.

## **Inflow of investors**

In the vibrant entrepreneurial ecosystem, start-ups today have access to multiple sources of funding from VCs, angel investors, private equities, banks and financial institutions as well as incubators.

The relaxed norms and introduction of new reforms by the Indian government has further encouraged the investors to park their money in India.

## **Demographic dividend**

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With more than 65 per cent of the population under 35 years of age and a record-breaking growth in smartphone adoption and data services across the country, there has been a growing demand for next-generation services and simplified solutions.

India's demographic dividend is conducive to Startups with high potential.

## Ease of Doing Business in India

After all these years, India has hopped 30 positions to become the top 100th country in terms of ease of doing business ranking this year. This was announced by the World Bank Group's latest Doing Business 2018: Reforming to Create Jobs report in October 2017. The major areas of improvement as cited in the report are as under:

- Starting a business
- Dealing with construction permits
- Protecting minority investors
- Paying taxes
- Resolving insolvency
- Trading across borders
- Enforcing contracts.

In order to ensure that the entrepreneurs and small businesses are engaged more in terms of their time in business growth and competition and less with bureaucratic red-tapism, the DIPP, Ministry of Commerce and Industries, has set an ambitious target of reducing both the number of days and procedures to start a business from 26 days and 13 procedures to 6 days and 6 procedures, respectively. The following table highlights the procedures for starting a business in India (a comparison of the existing versus proposed procedures).

In the past decade, entrepreneurship in India has emerged as one of the most discussed topics. There has been an influx of new generation entrepreneurs, mostly graduates of engineering and management courses, who chose entrepreneurship as a preferred career option. The Indian government, at present, is working to promote entrepreneurship and create jobs by promulgating policies: Skill India, to offer skill training to millions of youths and prepare them for job prospects; Startup India, Stand Up India, for entrepreneurship development with an aim to promote a healthy start-up ecosystem in the country; and Make in India, to ensure a growth vibrancy in the manufacturing sector and thus facilitating ease of doing business for SMEs in India.

It is now getting increasingly clear that India's startup ecosystem has become vibrant and mainstream in many ways – in terms of job creation, in terms of solving consumer problems,

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and in terms of creating products for the rest of the world. The past 10 years have witnessed a tectonic shift in both the overall startup ecosystem in India as well as the ease of doing business.

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