

The Development of Entrepreneurship in India – Central Government-led Initiatives

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Abstract

The aim of this paper is to explore the entrepreneurship development in India and analyse the trends in the development of the entrepreneurial field. The entrepreneurship activities were carried out rather aggressively, particularly with the initiatives of the government-support and government-protected India's small-scale industries. Many start-ups were established as technology, service and supplier of parts to the national level under the central government assistance programs. The government's initiative put emphasis on the technology and service in most entrepreneurial endeavours. The initiatives of India's government for the entrepreneurship spurred the growth of firms and provided the gateway for the acquisition of relevant technological knowledge, technical skills, and entrepreneurial talent and in the result the economic and industrial activities from 2014 to 2019, shows huge development in India. The paper aims at appreciating the need for and relevance of understanding dynamic paradigm of service and technological entrepreneurship in India between 2014-2019. Mainly after 2014 a huge entrepreneurial motivation among the Indian youth gives the fire in the wing of country's economic development. This paper postulates that a new trend has emerged in the field of entrepreneurship in India as a result of the central and state led government make-in India and entrepreneurial efforts.

Keywords

Entrepreneurship, Technology Entrepreneurship, India, Initiatives

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1. Introduction

Entrepreneurship is an income generating activity in any country. It creates many job opportunities and raises the living standards of county. In India, entrepreneurship is often approached as the catalyst for the growth of its economy. It has created many entrepreneurs and enterprises, and the number is increasing as a result of the government's initiatives and ease of doing business policies. The government has encouraged the development of entrepreneurships through its various government policies.

The effort to promote entrepreneurship is further enhanced as India moves toward make-in India. The emphasis on the manufacturing, service and technology sector is regards

essential; therefore, the activities carried out and products produced are technologically oriented.

In this view, this study attempts to analyse the entrepreneurship development in India, particularly to understand its trends of development and trace the root of technology entrepreneurship activities in the country. The finding from the analysis are expected to provide essential information for the policy-making purposes. It is also hoped that the findings will add to the existing literature in the field of entrepreneurship.

2. Methodology

The study employed a simple framework in identifying the

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technology entrepreneurship practices in the development of entrepreneurship in India, *which is the world bank methodology using Bessant's innovation capability audit tool* [3]. There are nine key dimensions identifying by Bessant as the key technological activities enabling the assessment of a firm's innovation level. *The framework promoted by the world bank was adopted and improvised according to the research context in order to meet the objective of this study.*

This study analyses technology entrepreneurship according to eight key activities used as the key indicators for identifying the practice of technology entrepreneurship at the national level. *The eight key dimensions of technology entrepreneurship are awareness, search, strategy, core competency, technology paradigm, linkage, and leadership.*

Awareness refers to the ability to look for opportunities and threats; strategy is the plan of action to achieve the envisioned goals significant to the economic growth of the nation; core competency is the economic strength of India that needs to be identified and build on; technology paradigm is the ability to understand the existing platform of technology and exploit its ability for the nation's advantages are any forms of collaborative effort established by the government for knowledge and technology sharing; learning is the government's effort to encourage acquisition of codified and tacit knowledge on a continuous basis; and leadership is the ability of the government leader to guide the nation towards productivity and competency.

These eight key dimensions of technology entrepreneurship refer to the activities that enable the government to create a competitive advantage. They are then used as the indicators to analyse the technology entrepreneurship practice in India and identify the root of technology entrepreneurship in the country's industrial development.

3. Entrepreneurship Development in India

Today entrepreneurship has gained a lot of respect, with people from diverse backgrounds breaking into the big picture [11]. What has changed in the last 5-10 years is the belief that anybody can do business, provided he/she has the right idea.

Till 5-10 years back, school education was followed by a university degree and then a job with which the person stayed for the rest of his productive life. Businesses were meant only for people belonging to business families who would take forward the merchandise of their forefathers and diversify it a bit. Today, boosted by the success stories of their peers, more and more people have developed the gut to explore their ideas and take the risk of venturing into a

business avenue.

According to government data (NASSCOM) India is the 3rd largest base for start-ups in the world at present [8] with over 3,000 start-ups present in India and over 800 setting up annually. By 2020, India is expected to be a home of 11,500 start-ups employing over 250,000 people.

The Government of India defines a start-up to mean an entity with an annual turnover of not exceeding INR 250 million (~USD 3.52 million) in any preceding financial year. This entity should be working towards innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property.

Start-ups also push business activity on the levels of mergers and acquisitions (M&A), with smart companies attracting formidable international attention. Over 20 M&A's worth USD 1 billion have been completed in India in last three years [5]. Driven by a young and diverse entrepreneurial ecosystem that is all inclusive of talent, remarkably innovative ventures are making a mark in India.

3.1. Role of Technology Based Start-ups

The Indian technology start-up domain is proudly placed at the 3rd largest position in the world. The industry was sized at USD 35 billion in FY18. Last decade saw emergence of several thousand start-ups in India, rise of unicorn start-ups (a unicorn is a privately held start-up company valued at over USD 1 billion) and growth of segment leaders in categories like robotics, analytics, edu-tech, health-tech, legal-tech and fin-tech [7]. In fact, many of these start-ups solved challenges faced by grassroot level Indian industries like healthcare, education, finance, energy and agriculture, to mention a few.

Location-wise, Bengaluru (~27%), Delhi NCR (~25%) and Mumbai (~16%) form around two third of the start-up base in the country. One of reasons for this location skew is that Delhi-NCR and Bengaluru continue to garner a mammoth 75% plus share of the overall funding value. Other prominent cities where start-ups are located are Hyderabad (6%), Chennai (4%) and Kolkata (2%). Upcoming cities are Pune, Ahmedabad, Jaipur, Indore, Chandigarh and Kochi.

Out of various verticals, investors continue to remain bullish on aggregators, e-commerce and fin-tech. While the key focus amongst advanced tech start-ups is on analytics, artificial intelligence and internet of things. Actually, there has been an impressive growth of more than ~30% in the number of these new-age advanced technology start-ups over the last few years. Some of these high-tech segments are named blockchain, AR/VR, 3D printing, robotics, internet of things, artificial intelligence, analytics and advanced analytics. These advanced tech start-ups garnered more than

~20% of the total start-up funding as of 2017.

Some of the prominent Indian start-ups during the last decade are Flipkart, Quikr, Simplilearn, Paytm, Shopclues, OYO, Swiggy, Inmobi, BYJU'S, Mobikwik, Snapdeal, Urban Ladder, Grofers, Rivigo, Goibibo, Zomato, CarTrade and OLA.

In terms of the demographics of the founders of these tech start-ups, roughly than ~50% of them are in the 31-45 age bracket. Half of the total founders are engineers by qualification. Roughly one-fourth are MBAs. Women entrepreneurs are rising in the start-up domain, with more than 10% of total founders being ladies in 2017-18.

3.2. Role of Indian Government

Indian government has been supporting establishment of successful start-ups with its well-thought of policies, over the last 5 years. Its main policy pillars are funding support and incentives, industry-academic partnership and simplification & handholding.

Indian tech start up industry is a big target for visionaries like Google, who has recently launched an India-focused mentorship and boot camp program for start-ups building both business-to-consumer (B2C) and business-to-business (B2B) tech products.

The mentorship initiative named 'Solve for India' was initially launched in pilot mode in India last year along with participation from Google Developers' Launchpad Accelerator team.

Launchpad Accelerator is a global project that helps start-ups build and scale their products through mentorship from Google network of investors, mentors, industry professionals and representatives from Google Inc.

Around 10 Indian tech start-ups are a part of this initiative, which are working on products around Indic languages, healthcare, fintech, agritech and online content among others. Some of them are Nebulaa, SlangLabs, PregBuddy, LegalDesk, PaySack, Vokal, FarMart, Meesho, Pratilipi and M-Indicator.

Liberalisation of the economy sent forth the first generation of entrepreneurs who established such brand names as Infosys, Bharti, Kotak, ICICI, among many others. These ventures opened a whole new scale of job opportunities for India's educated young. Realising the potential of businesses in creating jobs, successive governments have lent policy support to entrepreneurs as well [9]. New policies towards encouraging micro or small businesses such as making loans easier for them has changed the face of entrepreneurship in India.

However, the slowing down of reform in recent years means

we still need to cover a lot of distance when it comes to making India absolutely business friendly by offering right tax incentives, participation in government contracts, availability of risk capital etc.

4. Analysis

The eight key activities of technology entrepreneurship are used as key indicators to trace the technology entrepreneurship practice in India's entrepreneurship development.

The entrepreneurship activity specially technology entrepreneurship has occurred in late 2005 to 2010 but at minimum pace. Technology entrepreneurship activities have occurred after 2014, which is believed to be the result of the initiation of the present Indian government, and the practice continued to appear in 2018-19.

In terms of awareness, the government has recognized global economic change since 2010 and realized the significance of technology and its impact on the nation. With regard to "search" ability, the government has been able to scan and monitor the technology trends in after 2014. It established a government division to monitor and scan technology trends closely on the global scale in order to identify opportunities and threats.

In developing strategies, India has established concrete strategies through its various government plans including Start-up India, Pradhan Mantri Mudra Yojana, IREDA Scheme for discounting energy bills, Credit enhancement guarantee scheme, Stand up India, End to end energy efficiency scheme, high risk high reward research scheme, Atal incubation centers scheme and Infrastructure development scheme. These plans were the government's vision and mission for the economic growth and productivity of the nation.

The government of India decided to initiate its own start up division and develop it to create a huge campaign to increase awareness among the youth to initiate entrepreneurship spirit. Indeed, the building of Start-up division gave a essential positive impact to the society and nation for the growth of entrepreneurship in the nation. It created job opportunity, raised living standards, reduced poverty, created more entrepreneurship opportunity, developed the industrial sector of involved services, provided the gateway for the acquisition of relevant technological knowledge and technical skills, business skills, and encouraged innovation, R&D activities.

In terms of learning, the government has strongly encouraged "learning" activity by the "Skill India" initiative. This is particularly due to the government's effort to achieve an

entrepreneurship in the nation. For such purpose, the government increased the fund for learning and education through its various government policies. The initiation of the “Skill India” created new relevant technical courses and programs. It also encouraged the acquisition of relevant engineering skills and other hands-on knowledge.

With regards to leadership, this dimension looks into the interest and focus of the political leaders at different eras. The study realized that it is during the 2014-2018 the effort towards technology-based entrepreneurship effort took effects. As part of the entrepreneurship initiative, Narendra Modi, the Prime Minister of India took effective measures to promote technology-based entrepreneurial activities particularly through the establishment of different policies and start-up India.

5. Conclusion

This paper can be concluded that the entrepreneurship practice obviously occurred in India after 2014 intensively, but there was already minimum occurrence of entrepreneurship practice during 2010 to 2014. The entrepreneurship practice during 2010 to 2014 was merely in the form of small enterprises or trading only. There was not much involvement of government to support entrepreneurship in India.

Modi, the government leader (Prime Minister of India), emphasized the growth of new start-up with particular emphasis on technology, service industries, which resulted to the establishment of strong entrepreneurial environment. Indeed, a number of policies were implemented during the leadership of Modi to encourage the acquisition of technology and create public awareness on the significance of technology entrepreneurship in new globalization era. In other words, the emphasis on technology-based entrepreneurship was carried out more forcefully during the time of leadership.

With these, the current study recommends that policy makers concentrate on the development and advancement of the start-up policies including its supporting industry in order to foster the growth of entrepreneurship in India. Based on the success factors of countries like Republic of Korea, Taiwan, it is believed that policies could play a great role in channelling firms towards competitiveness and sustainability.

6. Limitation and Future Research

The limitation of this work is represented by the difficulties in identifying the key technology and service entrepreneurship activities and using these to analyse

entrepreneurship development at the macro level. Therefore, this study suggest that future researchers should critically examine the key dimensions of entrepreneurship in order to enable effective analysis at both macro and micro levels.

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