

# A Study about Entrepreneurship in India and Its Promotion under 'STARTUP INDIA' Scheme

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*Abstract -- Entrepreneurship plays a significant role in the economic development of any country. Entrepreneurship acts as a pillar for the economic prosperity of a nation as it leads to generation of employment, contribution in national income, rural development, industrialization, technological development, export promotion etc. In India, various initiatives have been taken by the government from time to time for entrepreneurship development in the country. Entrepreneurship has attracted the attention of policymakers in India. A series of high-level initiatives, including Startup India, have been launched to promote private sector development. However, the role of entrepreneurship in development remains a mystery for many policy observers. The main purpose of this paper is to study about Entrepreneurship in India and its Promotion Under 'STARTUP INDIA' SCHEME. This study was done based on secondary data collected from multiple sources of evidence, in addition to books, journals, websites, and newspapers.*

*"Entrepreneurship is neither a science nor an art. It is a practice." – Peter Drucker*

*Indexed Terms: Entrepreneurship, Startup, Entrepreneur, Innovation, Development and Promotion*

## I. INTRODUCTION

According to A.H. Cole, "Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or organize a profit-oriented business unit for the production or distribution of economic goods and services".

There are three main conceptual approaches to entrepreneurship.

The first approach is functional which is concerned with the dynamic actor that makes key decisions on investment, production, innovation, location, research and development. From this perspective, entrepreneurship is a psychological trait referring to dynamism, creativity and originality. The approach also includes managers of MNCs, state owned enterprises, profit/non-profit organization and a

variety of dynamic entrepreneurs within organizations.

The second approach focuses on the firm as the key economic factor. The firms included here are owner operated firms, incorporated joint stock companies, state owned joint venture firms and subsidiaries of multinationals. These firms are the units that make the key decisions on investment, on branching into activities or sectors, or relocating to other countries.

The third approach focuses on owner operated enterprises. Within this approach the entrepreneur is the owner and is actively involved in running the business. This relates mainly to the small and the medium sized enterprises, start-ups and self-employment.

Entrepreneurship in India is still dominated by small enterprises. They account for over 95% of establishments and 80% of employment in the manufacturing sector. They have also become more productive. Much of the manufacturing sector's employment growth has come in the form of small establishments in tradable sectors; they have contracted in the non-tradable sector.

## II. OBJECTIVE OF THE STUDY

In this paper the researcher is enlightening the scenario of entrepreneurship in India by discussing following:

- Entrepreneurship in India: A global perspective
- Functions and Scope of Entrepreneurship
- Characteristics of Entrepreneurship
- Need for Entrepreneurship
- Factors Affecting Entrepreneurial Growth
- Youth Entrepreneurship
- Growth of Entrepreneurship in India
- Challenges faced by Indian entrepreneurs before starting up

- Government of India Support for Innovation and Entrepreneurship in India

### III. RESEARCH METHODOLOGY

The main source of data used for the study is secondary data. The present study is conceptual survey with exploratory cum descriptive in nature. This research follows the analytical research methodology which is based on the quantitative data. The information related with study has been collected from websites, journals, magazines, newspapers and books.

### IV. ENTREPRENEURSHIP IN INDIA: A GLOBAL PERSPECTIVE

Entrepreneurship is vital for job creation, economic growth and problem-solving. It also reflects a society's capacity for boldness, risk-taking and creativity. More specifically, according to the Global Entrepreneurship Development Institute (GEDI), there is a strong positive association between entrepreneurship, economic growth and innovation.

The GEDI has recently released its 2018 Global Entrepreneurship Index, a ranking of 137 countries.

1. Countries are ranked on 14 criteria:
  - Opportunity perception (whether the population can identify opportunities to start a business);
  - Start-up skills;
  - Risk acceptance;
  - Networks;
  - Cultural support;
  - Opportunity start-up (whether entrepreneurs are motivated by opportunity rather than necessity);
  - Technology absorption;
  - Human capital;
  - Competition;
  - Product innovation;
  - Process innovation;
  - High growth (business intention to grow);
  - Internationalization and
  - Risk capital availability.

2. How does India fare in entrepreneurship?

India's performance is important given the priority of the "start-up India" initiatives and the crucial role of entrepreneurship in generating jobs in a stagnant Indian labor market.

3. India's performance as per the GEDI index of 2018:

- According to GEDI, India is ranked 68th out of 137 countries, a "middling" performance.
- India was at the 69th position last year (2017).
- The index, which ranked 137 countries, is topped by US.
- Each country is ranked according to its GEI score to indicate overall entrepreneurship attitude and potential
- Global Entrepreneurship Index is prepared by Global Entrepreneurship Development Institute (GEDI) which is a policy development organization dedicated to expanding economic opportunities for individuals, communities and nations.
- As per the Asia Pacific region, India is again in the middle position, 14th out of 28 countries.
- The leading regional players are Australia, Hong Kong and Taiwan at first, second and third positions respectively.
- It is noteworthy that India falls below China (9th) and more established regional economies such as Korea (4th) and Japan (6th) in the region.
- The performance by specific criteria also makes for an interesting viewing. India's strength areas where its performance is above its overall score are in product and process innovation, internationalization, opportunity start-up, risk acceptance, opportunity perception and robust competition in the marketplace. Its performance on human capital is broadly at par with its overall performance.

4. Where does India score the most?

India's strongest performance falls under the criterion of product innovation where its score is equal to the best in the world. This measures a country's ability and potential to generate new products and to adopt or imitate existing products. In broader terms, India's strength lies in its ability to identify the opportunities and risk-taking, which in turn links to its capabilities

in product innovation and a healthy attitude towards internationalization and seeking new markets beyond the home base.

5. Reasons for India's "middling" performance:

By contrast, India's weaker areas, where it scores below the overall score, are in start-up skills, networks and cultural support, technology absorption (by far the weakest), high growth and risk capital availability. However, the weakest area for India lies in technology absorption which is the ability of a country to access, utilize and enmesh the knowledge from elsewhere and then integrate it.

6. Some other challenges and influences:

Interestingly, India also faces some acute challenges in terms of networking and cultural support. India does not perform at the same standard as a number of other countries do in terms of how well entrepreneurs know and connect with each other to share ideas, technical know-how, market connections and to undertake joint activities. Cultural support is also a key weakness in the Indian set up. This measures how a society views entrepreneurship in terms of its status, as a career choice and how this view is affected by corruption.

The influence of corruption on societal views about entrepreneurship points towards the fact that corruption continues to rear its ugly head in India despite numerous reforms and progress in this area. Also, the perception of Indians about entrepreneurship as a career choice shows that there is still a traditional underlying preference in India for the stable and secure salaried employment as compared to entrepreneurship.

Lastly, surprising is the fact that India does not perform well on the availability of risk capital, despite the various measures that have been put in place under the "start-up India" initiatives. Thus, a critical challenge remains for the entrepreneurial sector in ensuring that the appropriate amount and type of capital is available in an entrepreneurial life cycle, whenever needed.

7. The future approach:

In order to increase its GEDI index ranking significantly, India needs to pay more attention to the skills required for entrepreneurship including staff training, labor market flexibility in terms of being

able to hire the right people with the right skills at the right time, and the entrepreneurs' level of education. There is also a need for improving the capacity of the education system in providing high-quality support including a greater focus on entrepreneurship courses.

#### V. FUNCTIONS AND SCOPE OF ENTREPRENEURSHIP

- Innovation
- Risk Taking and Uncertainty Bearing
- Taking Business Decision
- Managerial Functions

#### VI. CHARACTERISTICS OF ENTREPRENEURSHIP

- Innovation
- Managerial Skill and Leadership
- High Achievement
- Function of Social, Political & Economic Structure
- Status Withdrawal
- Organization Building
- Group Level Pattern
- Gap Filling Function

#### VII. NEED FOR ENTREPRENEURSHIP

- Increases national production
- Balanced area development
- Dispersal of economic power
- Reinvestment of profit for the welfare of the area of profit generation
- Development is a function of motivation and human resource
- Entrepreneurial awareness

#### VIII. FACTORS AFFECTING ENTREPRENEURIAL GROWTH

- Economic Factors
- Social Factors
- Cultural Factors
- Personality Factors

## IX. YOUTH ENTREPRENEURSHIP

- Why it is important?
  - Filling the pipeline with potential businesses
  - Creating a culture that values self-employment
  - Fostering innovation
- What can be done?
  - In-school programs
  - After-school programs
  - 4-H, Girl Scouts/Boy Scouts, etc.

## X. GROWTH OF ENTREPRENEURSHIP IN INDIA

In India, the past few decades have seen a major rise in the area of Entrepreneurship. In the early nineties, with India opening up to foreign investments through the much needed policies of liberalization, the Indian market saw multitudes of foreign companies willing to invest in the India market.

Entrepreneurship plays a significant role in the economic development of any country. Entrepreneurship acts as a pillar for the economic prosperity of a nation as it leads to generation of employment, contribution in national income, rural development, industrialization, technological development, export promotion etc.

Today, India has become fertile ground for breeding new entrepreneurs. Present markets are liquid, vibrant and as the recent economic factors has shown, much more stable as compared to markets of other countries. It is well established that education is a prime factor which contributes to the development of entrepreneurship. Access to technology, increase in foreign direct investments and other de-regulation policies are throwing up new opportunities every day. Capital can be organized. Organizations like National Entrepreneurship Network (NEN), National Social Entrepreneurship Forum (NSEF) are helping new ventures in obtaining capital and angel funding. Thus we can say that there is a potential for entrepreneurship in India.

An important aspect of entrepreneurship in India is social entrepreneurship. In India, where high levels of

poverty and unemployment still exist, many people have decided to take matters into their own hands, with or without the help of government, to work for a better tomorrow. Concepts like Teach for India, Tata Jagriti Yatra etc. not only help in promotion of entrepreneurship among the youth, but also provide them with hands-on experience. There is a greater recognition that social enterprises could have a role in solving social issues. What we need to do is to create an environment where entrepreneurs feel confident that they will not face any obstacles if they develop business models for the benefit of the poor.

One must realize that establishing a business in India is not a walk in the park. Yes, it is true that nowadays Indian entrepreneurs do not have to leave the country to pursue their interests, however, building empires requires much more than mere opportunities, what it requires is an outlook and individual motivations, traits which are not hard to find in the Indian society. Surely, one feels India, in a few years, will become a leader in world business.

## XI. CHALLENGES FACED BY INDIAN ENTREPRENEURS BEFORE STARTING UP

- Courage to start your own business:  
Starting your own venture is not an easy task. You need a lot of courage and strength to quit your job and start your own business. One needs to be determined and confident towards his/her goals. You need to convince yourself that there is a need of such product in the market and you are the best person to build it.
- Is your idea big enough:  
Idea is the most important challenge which every entrepreneur faces? What are you planning to go for? What type of business you are going to deal in? Who are your target audiences? Is your Idea really worth giving a chance? These are few questions that would come up in your mind and you need to find answers for them.

- **Raising Capital:**

Money is another biggest challenge faced by an entrepreneur. Now you have to decide when, how and from whom you are going to raise the required capital. At times, people need to bootstrap their start-up for a longer period of time.

- **Hiring right talent:**

After you have decided to start your own venture, you need a team. Behind every successful business is a dream team - be it finding a right co-founder or the founding start-up team. Getting someone, who believes in your idea/venture as much as you, to make it work are always difficult, but yet the most crucial.

- **Effective marketing on limited budget:**

Being a start-up it's very essential to create visibility among your consumers. You need to reach your target audiences by using effective marketing techniques.

- **Financial Security:**

For a start-up to be a successful enterprise one needs to answer two most important questions – 'Do I have enough savings to ensure my family's financial security?' and 'Does the company have enough funds to ensure at least a year's runway?' If you know you have enough savings for the family, then you can easily focus on the start-up that you are building. Along with it, if your start-up has enough working capital, then you have the ability to take bigger risks.

- **Dealing with stress:**

It is correctly said 'No pain no gain'. Entrepreneur has to go through many stresses – whether it is related to its business or family. To run a successful business one needs to be very strong and clam. So if you are starting up your own venture, then be prepared to deal with the daily stress.

- **Facing Failure:**

It's not necessary that every idea of yours will work. With launching of new products and scaling new markets comes the notion of "failing fast". If you're trying a lot of new things, not everything will work and you will not succeed at each of those ideas.

## XII. GOVERNMENT OF INDIA SUPPORT FOR INNOVATION AND ENTREPRENEURSHIP IN INDIA

The Government of India has undertaken several initiatives and instituted policy measures to foster a culture of innovation and entrepreneurship in the country. Job creation is a foremost challenge facing India. With a significant and unique demographic advantage, India, however, has immense potential to innovate, raise entrepreneurs and create jobs for the benefit of the nation and the world.

In the recent years, wide spectrums of new programmers and opportunities to nurture innovation have been created by the Government of India across a number of sectors. From engaging with academia, industry, investors, small and big entrepreneurs, non-governmental organizations to the most underserved sections of society.

Recognizing the importance of women entrepreneurship and economic participation in enabling the country's growth and prosperity, Government of India has ensured that all policy initiatives are geared towards enabling equal opportunity for women. The government seeks to bring women to the forefront of India's entrepreneurial ecosystem by providing access to loans, networks, markets and trainings.

In India, various initiatives have been taken by the government from time to time for entrepreneurship development in the country. Entrepreneurship has attracted the attention of policymakers in India. A series of high-level initiatives, including Startup India, have been launched to promote private sector development. However, the role of entrepreneurship in development remains a mystery for many policy observers.

➤ A few of India's efforts at promoting entrepreneurship and innovation are:

- **Startup India:**

Through the Startup India initiative, Government of India promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle. Since its launch in January 2016, the initiative has successfully given a head start to

numerous aspiring entrepreneurs. With a 360-degree approach to enable startups, the initiative provides a comprehensive four-week free online learning program, has set up research parks, incubators and startup Centres across the country by creating a strong network of academia and industry bodies. More importantly, a 'Fund of Funds' has been created to help startups gain access to funding. At the core of the initiative is the effort to build an ecosystem in which startups can innovate and excel without any barriers, through such mechanisms as online recognition of startups, Startup India Learning Programme, Facilitated Patent filing, Easy Compliance Norms, Relaxed Procurement Norms, incubator support, innovation focused programmes for students, funding support, tax benefits and addressing of regulatory issues.

- **Make in India:**

Designed to transform India into a global design and manufacturing hub, the Make in India initiative was launched in September 2014. It came as a powerful call to India's citizens and business leaders, and an invitation to potential partners and investors around the world to overhaul outdated processes and policies, and centralize information about opportunities in India's manufacturing sector. This has led to renewed confidence in India's capabilities among potential partners abroad, business community within the country and citizens at large. The plan behind Make in India was one of the largest undertaken in recent history. Among several other measures, the initiative has ensured the replacement of obsolete and obstructive frameworks with transparent and user-friendly systems. This has in turn helped procure investments, foster innovation, develop skills, protect intellectual property and build best-in-class manufacturing infrastructure.

- **Atal Innovation Mission (AIM):**

AIM is the Government of India's endeavor to promote a culture of innovation and entrepreneurship, and it serves as a platform for promotion of world-class Innovation Hubs, Grand Challenges, start-up businesses and other self-employment activities, particularly in technology driven areas. In order to foster curiosity, creativity and imagination right at the school, AIM recently launched Atal Tinkering Labs (ATL) across India. ATLs are workspaces where

students can work with tools and equipment to gain hands-on training in the concepts of STEM (Science, Technology, Engineering and Math). Atal Incubation Centres (AICs) are another programme of AIM created to build innovative start-up businesses as scalable and sustainable enterprises. AICs provide world class incubation facilities with appropriate physical infrastructure in terms of capital equipment and operating facilities. These incubation Centres, with a presence across India, provide access to sectoral experts, business planning support, seed capital, industry partners and trainings to encourage innovative start-ups.

- **Support to Training and Employment Programme for Women (STEP):**

STEP was launched by the Government of India's Ministry of Women and Child Development to train women with no access to formal skill training facilities, especially in rural India. The Ministry of Skill Development & Entrepreneurship and NITI Aayog recently redrafted the Guidelines of the 30-year-old initiative to adapt to present-day needs. The initiative reaches out to all Indian women above 16 years of age. The programme imparts skills in several sectors such as agriculture, horticulture, food processing, handlooms, traditional crafts like embroidery, travel and tourism, hospitality, computer and IT services.

- **Jan Dhan- Aadhaar- Mobile (JAM):**

JAM, for the first time, is a technological intervention that enables direct transfer of subsidies to intended beneficiaries and, therefore, eliminates all intermediaries and leakages in the system, which has a potential impact on the lives of millions of Indian citizens. Besides serving as a vital check on corruption, JAM provides for accounts to all underserved regions, in order to make banking services accessible down to the last mile.

- **Digital India:**

The Digital India initiative was launched to modernize the Indian economy to makes all government services available electronically. The initiative aims to transform India into a digitally-empowered society and knowledge economy with universal access to goods and services. Given

historically poor internet penetration, this initiative aims to make available high-speed internet down to the grassroots. This program aims to improve citizen participation in the digital and financial space, make India's cyberspace safer and more secure, and improve ease of doing business. Digital India hopes to achieve equity and efficiency in a country with immense diversity by making digital resources and services available in all Indian languages.

- Biotechnology Industry Research Assistance Council (BIRAC):

BIRAC is a not-for-profit Public-Sector Enterprise, set up by Department of Biotechnology to strengthen and empower emerging biotechnology enterprises. It aims to embed strategic research and innovation in all biotech enterprises, and bridge the existing gaps between industry and academia. The ultimate goal is to develop high-quality, yet affordable, products with the use of cutting edge technologies. BIRAC has initiated partnerships with several national and global partners for building capacities of the Indian biotech industry, particularly start-ups and SME's, and has facilitated several rapid developments in medical technology.

- Department of Science and Technology (DST):  
The DST comprises several arms that work across the spectrum on all major projects that require scientific and technological intervention. The Technology Interventions for Disabled and Elderly, for instance, provides technological solutions to address challenges and improve quality of life of the elderly in India through the application of science and technology. On the other hand, the *ASEAN-India Science, Technology and Innovation Cooperation* works to narrow the development gap and enhance connectivity between the ASEAN countries. It encourages cooperation in science, technology and innovation through joint research across sectors and provides fellowships to scientists and researchers from ASEAN member states with Indian R&D/academic institutions to upgrade their research skills and expertise.

- Stand-Up India:  
Launched in 2015, Stand-Up India seeks to leverage institutional credit for the benefit of India's

underprivileged. It aims to enable economic participation of, and share the benefits of India's growth, among women entrepreneurs, Scheduled Castes and Scheduled Tribes. Towards this end, at least one woman and one individual from the SC or ST communities are granted loans between Rs.1 million to Rs.10 million to set up Greenfield enterprises in manufacturing, services or the trading sector. The Stand-Up India portal also acts as a digital platform for small entrepreneurs and provides information on financing and credit guarantee.

- Trade related Entrepreneurship Assistance and Development (TREAD):

To address the critical issues of access to credit among India's underprivileged women, the TREAD programme enables credit availability to interested women through non-governmental organizations (NGOs). As such, women can receive support of registered NGOs in both accessing loan facilities, and receiving counseling and training opportunities to kick-start proposed enterprises, in order to provide pathways for women to take up non-farm activities.

- Pradhan Mantri Kaushal Vikas Yojana (PMKVY):

A flagship initiative of the Ministry of Skill Development & Entrepreneurship (MSDE), this is a Skill Certification initiative that aims to train youth in industry-relevant skills to enhance opportunities for livelihood creation and employability. Individuals with prior learning experience or skills are also assessed and certified as a Recognition of Prior Learning. Training and Assessment fees are entirely borne by the Government under this program.

- National Skill Development Mission:

Launched in July 2015, the mission aims to build synergies across sectors and States in skilled industries and initiatives. With a vision to build a 'Skilled India' it is designed to expedite decision-making across sectors to provide skills at scale, without compromising on quality or speed. The seven sub-missions proposed in the initial phase to guide the mission's skilling efforts across India are: (i) Institutional Training (ii) Infrastructure (iii) Convergence (iv) Trainers (v) Overseas Employment

(vi) Sustainable Livelihoods (vii) Leveraging Public Infrastructure.

- Science for Equity Empowerment and Development (SEED):

SEED aims to provide opportunities to motivated scientists and field level workers to undertake action-oriented, location specific projects for socio-economic gain, particularly in rural areas. Efforts have been made to associate national labs and other specialist S&T institutions with innovations at the grassroots to enable access to inputs from experts, quality infrastructure. SEED emphasizes equity in development, so that the benefits of technological accrue to a vast section of the population, particularly the disadvantaged.

### XIII. FINDINGS OF THE STUDY

- Entrepreneurship in India is still dominated by small enterprises.
- According to GEDI, India is ranked 68th out of 137 countries, a “middling” performance.
- As per the Asia Pacific region, India is again in the middle position, 14th out of 28 countries.
- India’s strongest performance falls under the criterion of product innovation where its score is equal to the best in the world.
- India’s weaker areas, where it scores below the overall score, are in start-up skills, networks and cultural support, technology absorption (by far the weakest), high growth and risk capital availability.
- India also faces some acute challenges in terms of networking and cultural support.
- In order to increase its GEDI index ranking significantly, India needs to pay more attention to the skills required for entrepreneurship including staff training, labour market flexibility in terms of being able to hire the right people with the right skills at the right time, and the entrepreneurs’ level of education.
- The Government of India has undertaken several initiatives and instituted policy measures to foster a culture of innovation and entrepreneurship in the country.
- Through the Startup India initiative, Government of India promotes entrepreneurship by

mentoring, nurturing and facilitating startups throughout their life cycle.

### XIV. CONCLUSION

- In India, the past few decades have seen a major rise in the area of Entrepreneurship.
- Today, India has become fertile ground for breeding new entrepreneurs.
- An important aspect of entrepreneurship in India is social entrepreneurship. In India, where high levels of poverty and unemployment still exist, many people have decided to take matters into their own hands, with or without the help of government, to work for a better tomorrow.
- Concepts like Teach for India, Tata Jagriti Yatra etc. not only help in promotion of entrepreneurship among the youth, but also provide them with hands-on experience. There is a greater recognition that social enterprises could have a role in solving social issues.
- What we need to do is to create an environment where entrepreneurs feel confident that they will not face any obstacles if they develop business models for the benefit of the poor.

In India, various initiatives have been taken by the government from time to time for entrepreneurship development in the country. Entrepreneurship has attracted the attention of policymakers in India. A series of high-level initiatives, including Startup India, have been launched to promote private sector development. However, the role of entrepreneurship in development remains a mystery for many policy observers.

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