

A CONCEPTUAL STUDY OF ENTREPRENEURIAL SUPPORTIVE ENVIRONMENT IN INDIA - A CASE OF COMPARISON WITH BRICS

Durgaprasad T K

Asst Prof, Dept of Commerce
Vidya Soudha College,
Peenya I stage, Bangalore

Siddaramaiah G N

Asst Prof, Dept of Commerce
Vidya Soudha College,
Peenya I stage, Bangalore

ABSTRACT

Being entrepreneur is profound advantage when the world, we live, is ready to accept the innovation that entrepreneurs offer. It's a joy, one side of the coin, of being the BOSS and guides the entity, work in a freely available environment, planning resources, crafting strategies and becoming prime part of the society we live. On the flip side of the coin, is an endangered line of demarcation between an employee and an entrepreneur, the RISK, of being lost in meddling, losing an otherwise enjoyable life. Eventually greater, if not properly planned.

India is a place, indeed market place, where most of the world's leading innovations, across categories, are welcomed with great enthusiasm and spirit of being an integral part of the world transiting from the so called traditional thinking to modernized, tech-savvy world. The innovation and technology are two buzz words round the corner which reverberates all around the world. But the stigma that technology carries is OBSOLETENESS.

It is here where the real challenge for an entrepreneur are, with new technologies fast replacing the older one, volatility and uncertainty are the constant mantras of the world pushing an entrepreneur to think out of the box in his offerings.

Towards the other end of the story is an economy. An ample amount of health of an economy can be drawn if one is able to get the number of entrepreneurs thriving and striving. An economy, conducive to an entrepreneur has to plan much of its reforms centered around policy

making, clearances and assistances and so on which in turn boosts entrepreneurial activity. More the entrepreneurs advanced will be the economy, a quote in a nutshell. An index, if it can be established, about the prosperity of an economy and degree of entrepreneurial activity prevailing shows that leading economies like US, Germany, Japan, Chinese, Singapore etc the front runners in smooth flow of policy which are conducive to entrepreneurial growth. If this is the case where does India lie, in that scale? If the above mentioned countries are to be considered as developed economies, the ratio of entrepreneurs to working population is obviously much smaller than that of India given the population we have currently. In spite of having enormous productive (rather working) population, why are we not cherishing to global level.

This paper is an attempt to focus on this issue. Many articles across news dailies, periodicals carry opine on either ways. This is another attempt to streamline the effort.

Keywords: Entrepreneurs, economy, policy reforms, developed countries, technology etc.

INTRODUCTION

“All our dreams can come true, if we have the courage to pursue them.”

- Walt Disney

As the quote goes, entrepreneurship is just courage to act sensing the opportunity. Being entrepreneur, one can guide his enterprise into dream venture which can create jobs for a community, making one free from being an ordinary employee. Entrepreneurship is just about breaking the barrier and achieving a big high. Entrepreneurship dates back from the system of barter to current scenario of cross-border trade. Larger the entrepreneurs more are the infrastructural improvement in their locality. In some sense, it can be said that the level of infrastructural facilities we are getting are basically a boon from entrepreneurial activity prevailing in the community. Hence this paper is an attempt to measure that in a more broad sense.

The word entrepreneur comes from the French word ‘entreprendre’ which means ‘to undertake’. Cantillon was the first person to propose the word entrepreneur which according to him is a person who carries out military expedition. Later at different stage many like Joseph Schumpeter, Danhof, David McClelland, Rakesh Sharma etc, have contributed to the field of entrepreneurship.

OBJECTIVES OF THE STUDY

The study aims to achieve the following objectives

- To study whether entrepreneurship and prosperity of an economy are inter related.
- To study the relationship between entrepreneurship and prosperity at a larger perspective.
- To ascertain the developments, in infrastructural space, occurring in India.
- To investigate whether the growth, of India, is on par with other similar economies.

SCOPE OF THE STUDY

The study covers wide varieties of topic in its analysis taking the reports from World Bank, Finance Minister, Govt of India and other internationally acclaimed institutions.

- The study helps in analysis of growth of infrastructure in India between 2015 and 2018.
- The study entails the reader to understand the entrepreneurial spirit prevailing in India.
- The study also throws some light on developments to complement growth of entrepreneurship.

METHODOLOGY

Research Method

A descriptive method of research is adopted as the coverage is too broad to cover taking various indices from acclaimed institutions. Study involves statistical analysis of data obtained from reports.

Statistical tool for analysis

Graphs and trend lines were used to analyze and evaluate the collected data.

Data Collection

The data for the study is **secondary data** comprising of reports from Global Entrepreneurship Monitor, World Bank, Budgets Statements of Govt of India and other reports published in periodicals.

Sample size

Data of past five years, 2013 to 2018, are taken to draw the conclusion.

LIMITATIONS OF THE STUDY

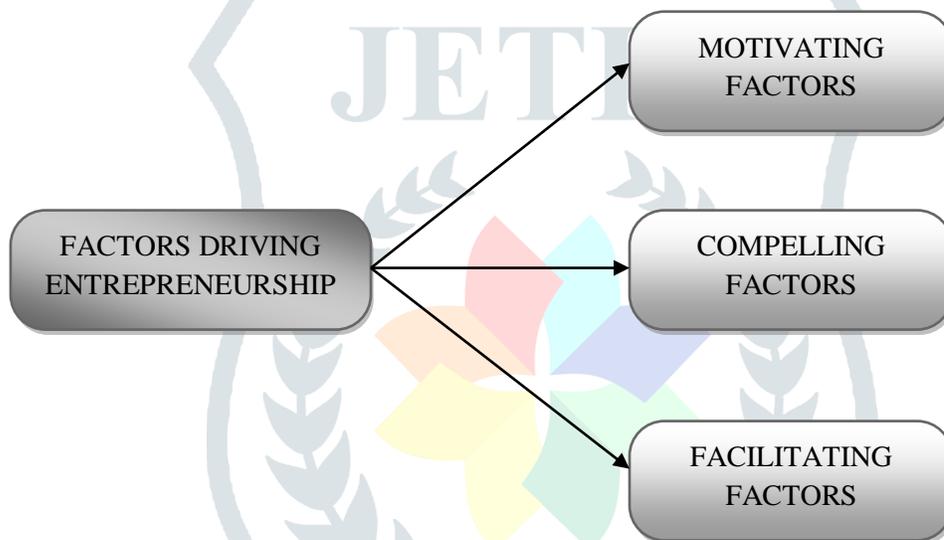
Every study in its entirety, suffers from its own lacuna so is this. To mention few

- The study is limited to the reports of period between 2015 and 2018.
- The definition of prosperity is not comprehensive.
- Lack of publicly available information from the sources.
- The study is just an indicative type covering a broader topic with limited information.
- Relying only on secondary reports may pose another limitation.

INTERPRETATION AND ANALYSIS

Entrepreneurs are great driving forces of an economy steering the required infrastructure and eliminating fundamental problem of any economy. Though the spirit to be an entrepreneur may be varied, the effective result would be formation of better economy than others.

Entrepreneurs can be born or made; various attempts were made to clear the air. Still the question is open. There are certain instances where certain factors motivates someone to float a business and become entrepreneurs (N R Narayana Murthy, JRD Tata etc) and certain others where an enterprise may be a parental gift which one like to strengthen and re-cast it with new avatar (Mukesh Ambani, Ratan Tata etc). Let us throw some light on factors which drive a person transforms himself to an entrepreneur.



Generally speaking there are plenty of factors driving an individual to become an entrepreneur. They can be broadly categorized as in the above diagram.

MOTIVATING FACTORS

- To make money
- To continue family business
- To secure self employment / independent living
- To fulfill desire of self / wife /parents
- To gain social prestige
- Other ambitions like decent living, provide employment to others etc.

gain a social prestige etc.

Factors compelling are the one which compel an individual to plunge into the role of a spearhead to lead a business. They can

Motivating factors are the one which

let an individual to achieve his desire/dream. They can be anything as listed in the text box. One may shift to become an entrepreneur to earn greater part his life or to be self employed, as in many case, or even to

COMPELLING REASONS

- Unemployment
- Dissatisfaction with the job so far held or occupational pursued.
- Make use of idle time
- Make use of technical / professionalism skills
- Other maintenance of large facilities, revival of sick units started by parents etc

be unemployment or dissatisfaction with the current job or even leveraging the technical expertise that one achieves out of his formal education etc.

Besides this, there are other factors which facilitate one to be an entrepreneur out of certain advantages that he possesses. They may be success stories of people or any association he belongs to or even an influence from any of the family members or the business inherited etc.

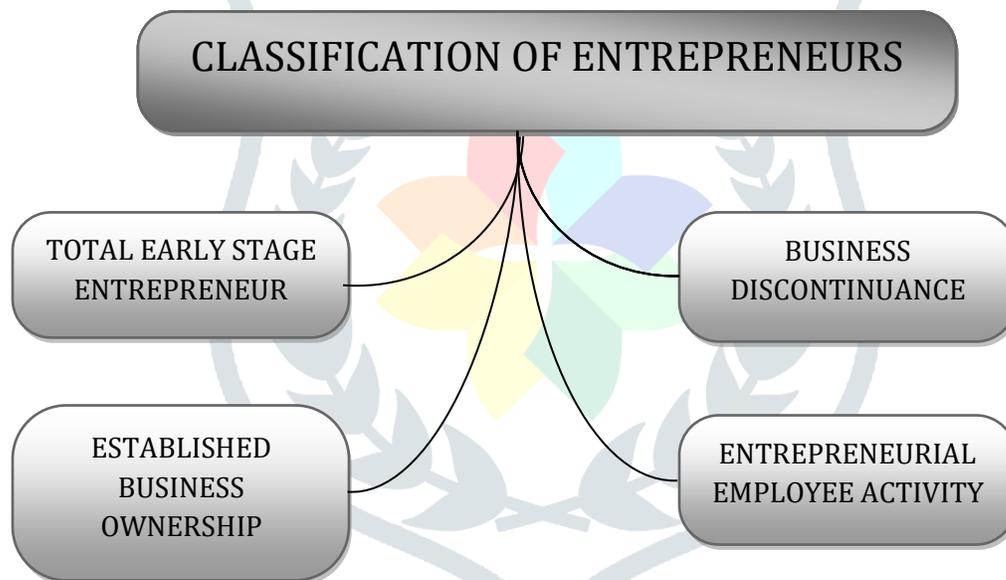
FACILITATING FACTORS

- Success stories of entrepreneurs
- Previous association (experience in the same or other line of activity)
- Previous employment in the same or other line of activity
- Property inherited / self acquired
- Advice or influence (encouragement of family members / relatives / friends)

All these are the broad categories of factors which forces an individual to take up entrepreneurship.

To explain the point more clearly, we shall classify an entrepreneur based on stage of his business whether it is in nascent stage or initial stage of ups-downs followed by yielding

nominal returns before it yields grater pie of profits.



The above diagram indicates classification of entrepreneurs for the purpose of our study.

According to this classification, entrepreneurs can be classified into

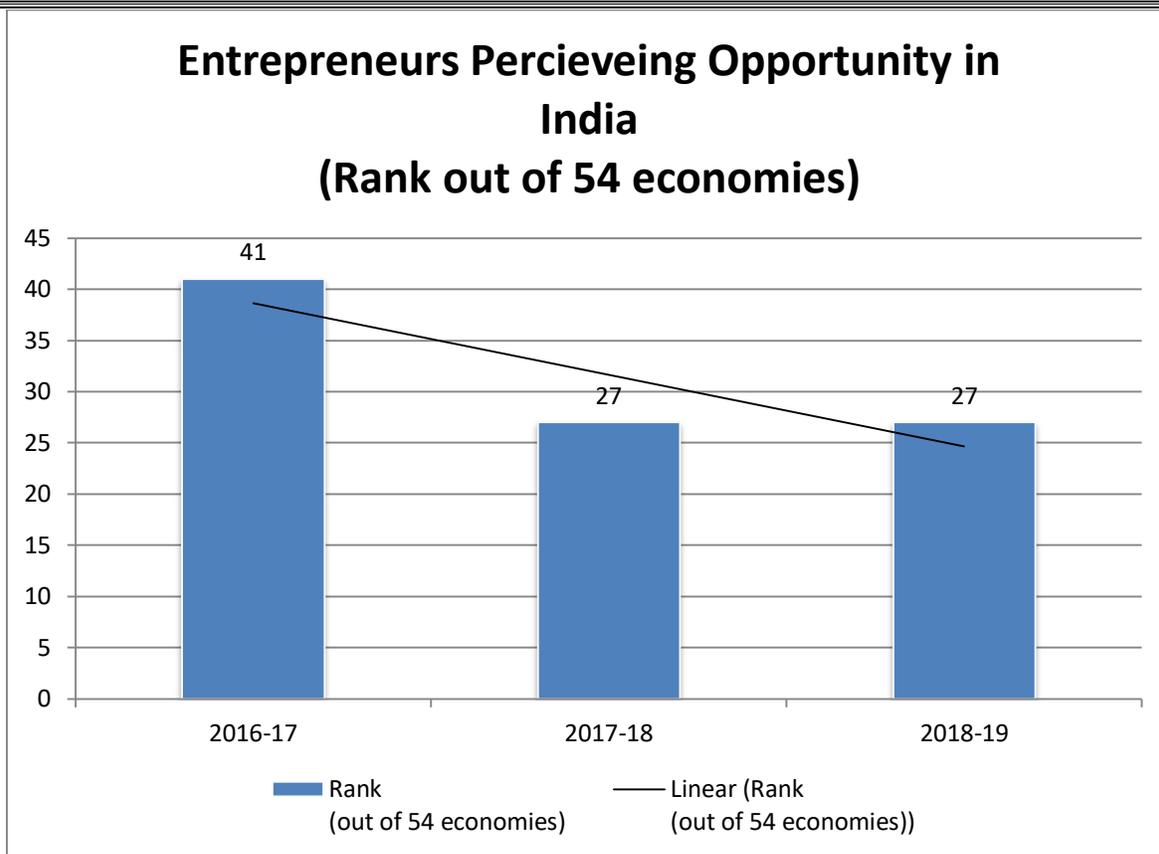
- i. Total early stage entrepreneurs: This is a classification of entrepreneurs wherein they early in their age, may be 18 – 24 years of age, who after observing the opportunity around tend to be entrepreneur to encash it.
- ii. Established business ownership: A second stage of entrepreneurship where it is characterized by conversion of idea into actual business. This stage involves getting permission various civic bodies, establishment of firm etc.

- iii. **Business discontinuance:** A stage of discontinuous, a stage of negativity, may be due to wrong assessment of market, product, wrong time of entry or even may be due to lack true entrepreneurial spirit.
- iv. **Entrepreneurial employee activity:** This is a stage of differentiating his offerings from the competitors so as to mark his presence in the market creating value based market share. This stage is of paramount responsible as it may push entrepreneur to set up his business, hire some human resources, create a team, synergize efforts and achieve something greater.

This paper concentrates more on first stage of entrepreneur i.e., EARLY STAGE ENTREPRENEURS (ESE). This is a stage of willing to be an entrepreneur at an early age of may be 18-24 years. The reason for the group being selected for study is, in India, the numbers of people who start a business due to many reasons are good. But eventually end up in merging their venture into bigger bulls or soon went to the stage of winding up. In India, the question for any entrepreneur to sustain is funding. There are various newsletters and reports that read 'entrepreneurs lack funds to reach their dream in India'. Few powerful people exert their pressure into social strata to get the required funds but larger part remains inaccessible to the funds. A report in Forbes, May 2017, states that close 90% of the entrepreneurs fail in India due to lack of innovation. Another report by Rohit Arora published in Inc. periodical states that India has more than double (48 million) the number of entrepreneurs than leading economy like US (23 million) but the problem for Indian starts is to get funds to nurture their dreams. A report from Global Entrepreneurship Monitor (GEM), 2018-19 observes that 5.4% of the Early Stage Entrepreneurs (aged 18-64 yrs) in factor-driven¹ economy discontinue their business citing poor profitability as main reason.

Perception of Business Opportunity

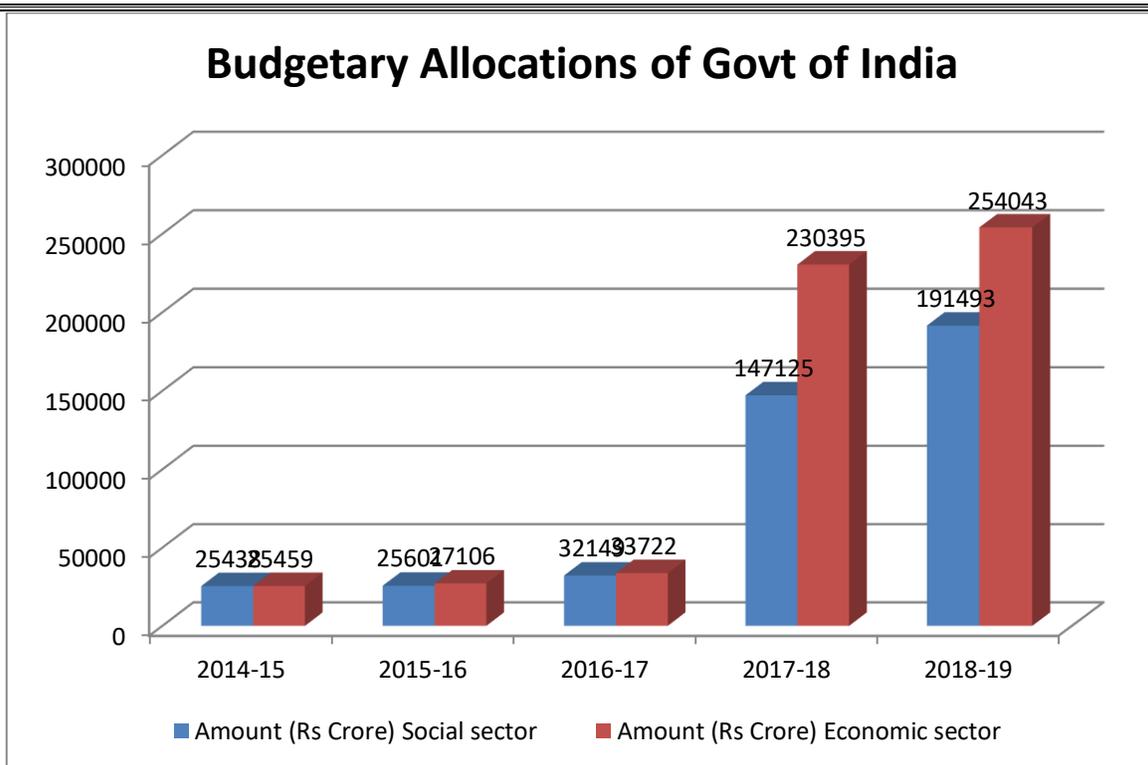
The following table and graph shows the data (ranked out of 54 economies) of past 3 years which indicates that people of ESE category in India perceive the opportunity to be an entrepreneur



This graph is a strong evidence to assert that early stage entrepreneurs are increasing in numbers in India. The above graph shows that India is ranked 41st (out of 54 economies) in the year 2016-17 improved a lot to occupy 27th rank during 2018-19 survey.

Budgetary Allocations towards Infrastructure – Govt of India

The following graph shows the data extracted from budget reports of Govt of India. The budgetary allocations are broadly classified as Social sector allocations comprising of education, health, broadcasting, social welfare etc and Economic sector allocations including agriculture, commerce and industry, power and energy, transportation, science and technology.

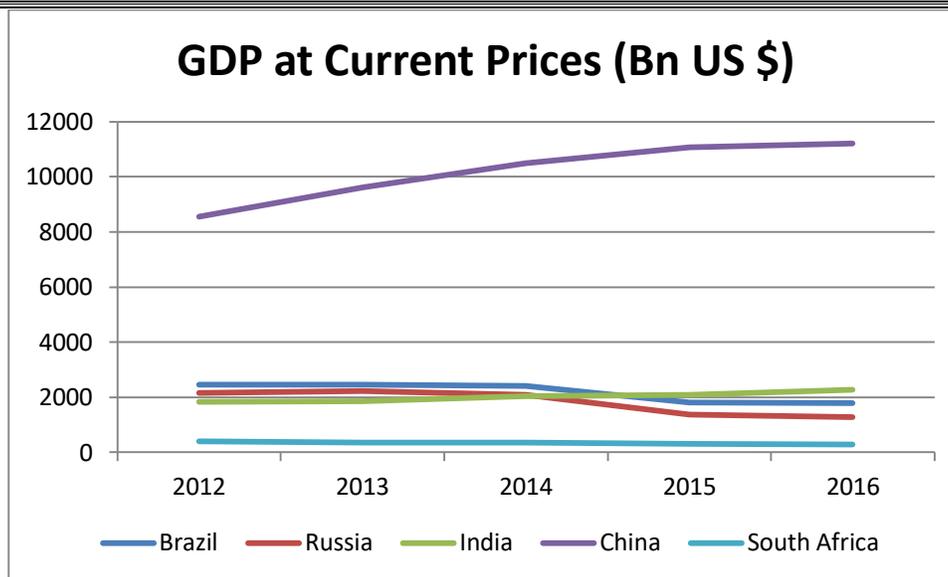


Source: Budget Reports, Govt of India

By observing above two graphs one may conclude that as the improvement in ranks of perception of people towards entrepreneurial activity, there is positive response from Govt of India in its budget. The response is in the light of higher allocation of funds towards up-liftment of social and economic sectors. This boosts the fact that as the people starts thinking of entrepreneurship, government is acting in favour.

Comparison with Similar Economies

Often India compares itself within BRICS as the fastest growing nation. The graph below supports the fact that, except China which is incomparable with others, India is growing stable in its rate of growth.



Source: BRICS Joint Statistical Reports

CONCLUSION

Besides my argument, taking few statistical data, there are quite innumerable instances which support the fact that entrepreneurship supports infrastructural growth which in turn leads to prosperity of an economy.

Indian perspective: Though India is decently upping in the scale of entrepreneurial activity, there are still a lot of gray areas which the business ecosystem has to evolve. India has witnessed a lot of startup activities recently, from past decade, in spite of all the lacunae it possesses. There needs to be improvement in the following area

- ⇒ Measures to percolate research and innovations to the ground level of the economy, since there is still huge geographical area where even the concept of research has even introduced.
- ⇒ Incentives have to be provided to researchers so that research should be improved.
- ⇒ Lots of Economic Survey reports of India have pointed out that; there is enormous workforce in India who employed in Informal sector. A report in 2004 went on to say that close to 93% of Indian workforce is employed in informal. This doubts the fact whether informal sector itself is the formal sector.
- ⇒ Steps have been taken to formalize economy by implementing GST in July 2017, and are yielding a good result. Formalisation of economy can be witnesses by increase in the tax base and increase in the number of GST registration from past 2 years.
- ⇒ Alongside there is a amendments in the law of EPFO (Employee Provident Fund Organisation) so as to cover every formal employee under provident fund scheme. This is great measure alongside GST to formalize economy.

⇒ Efforts have been seamlessly planning and implementing to improve startup activity and its ecosystem in India.

¹Factor-driven economies are the least developed. They are dominated by subsistence agriculture and extraction businesses, with a heavy reliance on unskilled labour and natural resources (GEM Report 2018-19).

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