

ESCALATION OF ENTREPRENEURSHIP IN ASSORTED SEGMENTS IN INDIAN MARKET

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ABSTRACT

India is one of the leading as well as growing economy in the world. From last decade, a huge trend towards entrepreneurship is escalating in assorted domains including information technology, I.T. enabled services like e-commerce, telecommunication and service sector segments. At the time of independence, India was facing the tremendous struggle in stabilizing the economy so that nation developed products can be exported. At that time, the national economy was dependent on imports. But at the current scenario of Indian economy, the exports and related financial aspects are growing and due to this reason the start-ups and entrepreneurs are mirroring their future in flying colors. Now days, a number of individuals as well as groups are launching their business ventures and these are contributing to the rise of overall national economy. This research manuscript underlines and projects the entrepreneurship initiatives in India from last two decades so that the pattern and diversion towards self start-ups can be analyzed. In this paper, the policies and support of Government of India is also presented for the escalation of entrepreneurship under Make-In-India as well as Digital India. This work evaluates the performance and inclination of Indian Start-ups since last two decades on multiple parameters in terms of their success rate, national economy and stock market predictions.

Keywords - Entrepreneurship Initiatives in India, Entrepreneurship Development in India, Start-Ups India

INTRODUCTION

Since independence, India is striving and determined for having a strong place in the international market in terms of its currency as well as foreign trade. At that particular instance, the country was not having very effective position in the global aspects because of not having any policies and implementations towards exports, imports and globalization. This term globalization is very frequent and common aspect in today scenario in which many countries are sharing their resources for worldwide marketing, distribution and delivery to have a competitive advantage.

When the point to globalization and international market, there is the need to focus on respective corporate sector so that the services can be delivered on time with higher accuracy and expertise. As, it is not possible for any government to incorporate and deliver the services at its own level, it is therefore required to have the business organizations within the country who can product, market and deliver the services. In this segment, every country invites and promotes the new business ventures by the entrepreneurs. Using this approach, the new business leaders can generate their own corporate division for production and delivery of any product or service.

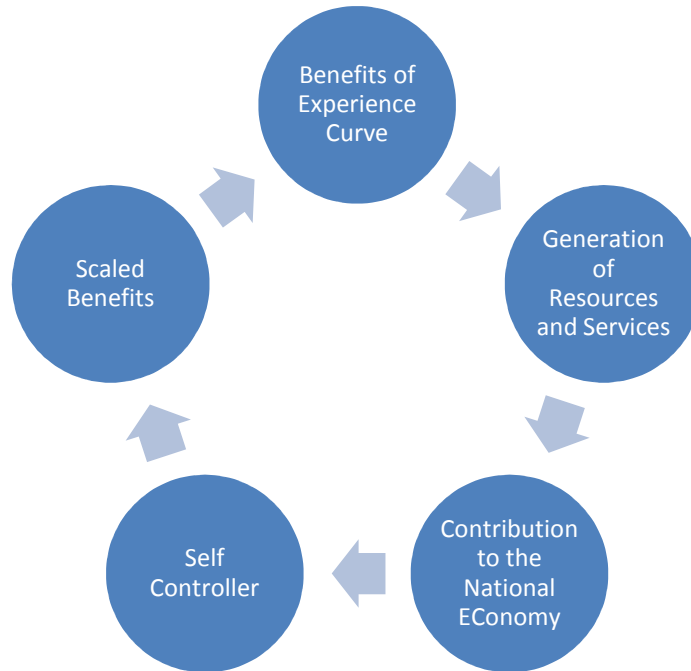


Figure 1 – Leads associated with Entrepreneurship

The economy of any nation is highly dependent on its exports and obviously the exports rely on the capability of country in developing the products and services within the nation. For this, most of the developed countries are promoting the entrepreneurs. This approach increases the jobs as well as strong economy base because of in-house production which directly increases the scope and capabilities of exports.

Per Capita Income - Total Income of Resources in the Country / Total Population Size

$$\begin{array}{ccccccc}
 \frac{\text{GDP}}{\text{population}} & = & \frac{\text{GDP}}{\text{hours worked}} & \times & \frac{\text{hours worked}}{\text{employment}} & \times & \frac{\text{employment}}{\text{total population}} \\
 \uparrow & & \uparrow & & \uparrow & & \uparrow \\
 \text{income per capita} & & \text{labour productivity} & & \text{work intensity} & & \text{labour market}
 \end{array}$$

Figure 2 – Components associated with Per Capita Income

In this manuscript, the entrepreneurship is specifically focused in the context of Indian scenario by which the growth and escalation of Indian economy can be easily visualized. From the case analysis of Ireland, almost every higher earning and superior person is the entrepreneur.

As per the reports of business standards “India’s per capita income rose 9.7 per cent to \$1,631 in 2014 from \$1,487 in the previous year, but it remained a low-middle income economy, according to the World Bank’s latest estimates on per capita income and GDP. The growth rate in per capita income in 2014 was higher than the 0.4 per cent rise in 2013 over \$1,481 in 2012. India was 169th in terms of per capita income in the world. In terms of purchasing power parity (PPP), the country's per capita income grew 7.65 per cent to \$5,833 in 2014, against \$5,418 in the previous year. In 2013, the growth rate was 7.15 per cent over \$5,056 in the previous year. India ranked 147th in terms of per capita income in PPP terms.”

The advantages and positive points associated with entrepreneurship in any county includes -

- Huge scope of generating the employment in assorted domains
- Escalation of per capita income
- Balanced and Non Biased Development of the Region
- Scope to tap and generate the new market
- Equal and self controlled distribution of resources
- Generation of the new products as well as services

START-UPS IN INDIA – HISTORICAL PERSPECTIVE

The historical perspective of start-ups in India is very important to discuss here as it is very important because there is need to evaluate the past experiences and promotion aspects to evaluate the current scenario. “Indians were experts in smelting of metals such as brass and tin. Kanishka Empire in the 1st century started nurturing Indian entrepreneurs and traders. Following that period, in around 1600 A.D., India established its trade relationship with Roman Empire. Gold was pouring from all sides. Then the point comes to the Portuguese and the English. They captured the Indian sea waters and slowly entered the Indian business. They forced the entrepreneurs to become traders and they themselves took the role of entrepreneurs. This was the main reason for the downfall of Indian business in the colonial times which had its impact in the post-colonial times too. The colonial era make the Indian ideas and principles rigid.

A region of historic trade routes and vast empires, the Indian subcontinent was identified with its commercial and cultural wealth for much of its long history. Gradually annexed by the British East India Company from the early eighteenth century and colonized by the United Kingdom from the mid-nineteenth century, India became an independent nation in 1947 after a struggle for independence that was marked by widespread nonviolent resistance. It has the world's twelfth largest economy at market exchange rates and the fourth largest in purchasing power. Economic reforms since 1991 have transformed it into one of the fastest growing economies however, it still suffers from high levels of poverty, illiteracy, and malnutrition. For an entire generation from the 1950s until the 1980s, India followed socialist-inspired policies. The economy was shackled by extensive regulation, protectionism, and public ownership, leading to pervasive corruption and slow growth. Since 1991, the nation has moved towards a market-based system. Entrepreneurship is the result of three dimensions working together: conducive framework conditions, well-designed government programmes and supportive cultural attitudes. Across these three perspectives of entrepreneurship, two major conclusions are apparent. Firstly, the economic, psychological and sociological academic fields accept that entrepreneurship is a

process. Secondly, despite the separate fields of analysis, entrepreneurship is clearly more than just an economic function.”

SMALL SCALE INDUSTRIES AND IMPACT ON THE ECONOMY OF INDIA

From assorted research reports and excerpts from corporate news sources “The small-scale industrial sector which plays a pivotal role in the Indian economy in terms of employment and growth has recorded a high rate of growth since Independence in spite of stiff competition from the large sector and not so-encouraging support from the Government. This is evidenced by the number of registered units which went up from 16,000 in 1950 to 36,000 units in 1961 and to 33.7 lakh units in 2000 - 2001. During the last decade alone, the small-scale sector has progressed from the production of simple consumer goods to the manufacture of many sophisticated and precision products like electronics control systems, micro-wave components, electro-medical equipment, T.V. sets, etc. The Government has been following a policy of reservation of items for exclusive development in the small-scale sector. At the time of the 1972 Census of a Small - Scale Industrial Units, there were 177 items in the reserved list. By 1983, the reserved list included 837 items for exclusive production in the small-scale sector. These units produce over 8,000 commodities.”

Table 1 - Notable and Renowned Indian entrepreneurs

Name	Associated Company
Sridhar Vembu	Zoho Corporation
Verghese Kurien	Amul
Kunwer Sachdev	Su-kam Power Systems
Bhargav Sri Prakash	FriendsLearn
Azim Premji	Wipro
Lakshmi Mittal	ArcelorMittal

Dhirubhai Ambani	Reliance Industries
Anand Mahindra	Mahindra and Mahindra
Shamit Khemka	SynapseIndia
Sachin Bansal and Binny Bansal	Flipkart
Grandhi Mallikarjuna Rao	GMR Group
Gunupati Venkata Krishna Reddy	GVK Group
G. R. Gopinath	Air Deccan
N. R. Narayana Murthy	Infosys
Shiv Nadar	HCL Technologies
V. G. Siddhartha	Café Coffee Day
Kiran Mazumdar-Shaw	Biocon
Achyuta Samanta	KIIT Group of Institutions
Gautam Thapar	Avantha Group
Sunil Mittal	Bharti Enterprises
Venugopal Dhoot	Videocon
Karsanbhai Patel	Nirma
Vishal Gondal	Indiagames
Chirag Kulkarni	Insightfully
Trishneet Arora	TAC Security Solutions
Ardeshir Godrej, Pirojsha Burjorji Godrej, Adi Godrej	Godrej Group
Kallam Anji Reddy	Dr. Reddy's Laboratories
Mangal Prabhat Lodha	Lodha Group

Jamnalal Bajaj, Rahul Bajaj	Bajaj Group
Prathap C. Reddy	Apollo Hospitals
Ajay Piramal, Swati Piramal	Piramal Enterprises Ltd
Kalanithi Maran	Sun Group
Prannoy Roy	NDTV
Anil Agarwal	Vedanta Resources
Subrata Roy	Sahara India Pariwar
Shashi and Ravi Ruia	Essar Group
Jagdish Chandra Mahindra	Mahindra Group
Naveen Jain	Moon Express
Brijmohan Lall Munjal	Hero Group
Jamsetji Tata	Tata Group
Walchand Hirachand	Walchand group
Khwaja Abdul Hamied	Cipla
Kochoseph Chittilappilly	V-Guard Industries Ltd
Kishore Biyani	Future Group
Naveen Tewari	InMobi
Laxmanrao Kirloskar	Kirloskar Group
Baba Kalyani	Bharat Forge
Dilip Sanghvi	Sun Pharmaceutical
Ekta Kapoor	Balaji Telefilms
Ramoji Rao	Ramoji Group
Kumar Mangalam Birla	Aditya Birla Group
Varun Agarwal	Alma Mater Store
Ashok Soota	Happiest Minds Technologies

Faisal Farooqui	MouthShut.com
Kartikeya Sharma	India News

As per the extracts and report of economic times “Economic development of a country is supported by entrepreneurship in several ways. It is a key contributor to innovativeness and product improvement and a pivotal ingredient to employment creation. Another important aspect to be considered is that in the context of the Indian market, entrepreneurship led economic growth is more inclusive and hence Governments, both at Centre and State level, have been taking initiatives to boost the entrepreneurial ecosystem as they realise the benefits entrepreneurship brings to the economic growth of the country.

Economic slowdown is one of the reasons that has led to a downturn in employment opportunities in the country. Unemployment amongst the youth is on the rise and in this regard entrepreneurship is playing a key role in creating jobs. An entrepreneur is not just creating self employment but also building a structure for small to large scale employment. As these enterprises grow, the employment opportunities increase. In India, many start-ups that started out as home based ventures are today employers to hundreds of individuals. A company/entrepreneur with an innovative-idea has the power to build employment and in turn stimulate the economy.

Besides employment, another area that is witnessing development by virtue of entrepreneurship is modernization in the regional areas or Tier II cities in the country. Due to financial constraints and competition in the metro cities, entrepreneurs are setting up industries in Tier II cities. Some State Governments like Kerala, Maharashtra, Tamil Nadu are offering schemes/incentives for setting up of SME’s in Tier II and III cities. The growth of businesses in these smaller towns is leading to several public benefits in the area like better transportation, health facilities, education

etc thus promoting a balanced development in the country. This is also leading to more and more entrepreneurs setting up base in their hometowns due to lower costs and affordable talent driving investor attention and incubation centres to these cities too.

This brings to us to another crucial element of standard of living. To ensure people can afford good quality goods at reasonable prices and avail quality services is a crucial feature of a developing economy. Today, entrepreneurial driven economy is the answer to this need as it drives innovation in manufacturing of goods and services leading to availability of goods at lower costs making them more affordable. Entrepreneurs explore opportunities, make effective utilization of resources and create new goods and services. These are for consumption within the country and hence will lead to growth in the national income and invariably reduce our import dependency making the economy stronger.

Entrepreneurs are no doubt catalysts of change and innovation. Entrepreneurship stems from the need of fulfilling a gap that exists in the market and this sets the entire process of development in motion. The entrepreneurial growth in our country has triggered a host of economic benefits, together with new businesses, new jobs and new products and services. The Government now also needs to play their part in encouraging this development and provide opportunities for not just education directed towards building entrepreneurial skills but also passing favorable plans/policies to strengthen the entrepreneurial ecosystem in the country.”

LITERATURE REVIEW

Kochukalam et. al. (2016) – This paper focus and highlight the ‘Make in India’ initiative and promotion for the upliftment and escalation of entrepreneurship ventures in India. This paper investigates the associated issues in relation to MSMEs in Kerala with the description of case studies and implementation aspects.

Rose (2016) – The author in this paper depicts and focuses on the significance of new business ventures in service domain for Indian economy. The author highlights the advantages and positive aspects of entrepreneurial expansion for overall escalation of the economy.

Lyer (2016) – This paper explains the assorted case scenarios of start-ups including the evidence related to Indian mining industry. The work highlights the important dimensions of start-ups and its implementation in assorted domains.

Padma et. al. (2016) – This paper depicts the affirmative and positive aspects of self started mini projects by the new business entrepreneurs. In this paper, the author shows various case scenarios mini projects and their real world implementation that can be taken up as business idea and it further lead to form business leader in future.

PROBLEM FORMULATION

- There is need to analyze and deeply investigate the role of entrepreneurship and start-ups in the country and to evaluate its impact on the economy.
- Using this approach, the rationale is extracted that without the promotion and motivation towards new business ventures, the growth of national economical factors cannot be increased.
- It is mandatory and desired for every country to find out, encourage and support the entrepreneurship ventures so that new job opportunities and per capita income can be amplified.

RESEARCH OBJECTIVES AND SIGNIFICANCE

1. To focus and underline the upliftment of Indian economy with the encouragement and support to the entrepreneurs and start-ups.
2. To mine, extract and underline the key point of new business ventures and their support towards escalation of national economy and globalization.
3. To establish the relationship between initiatives of start-ups, national economy and per capita income.

RESEARCH DESIGN: Exploratory Research

SAMPLE SIZE:

- 20 Years Historical Dataset
- 5 Years Predictive Data

DATA COLLECTION METHOD: Secondary Data

SOURCES - Different Government and Corporate Data Portals were deeply investigated for fetching the secondary datasets.

Following web based services of Govt. of India, Industry and Social Organizations were scanned for our research work –

- Open Government Data (OGD) Platform, Govt. of India
 - <http://data.gov.in>
- Trade Map
 - <http://www.trademap.org>
- The Statistics Portal
 - <http://www.statista.com>

- Data Portal India, Govt. of India
 - [http:// india.gov.in](http://india.gov.in)
- Open Government Platform, Govt. of India
 - <http://ogpl.gov.in>
- Department of Commerce and Industries, Govt. of India
 - <http://commerce.nic.in>
- Trading Economics
 - <http://tradingeconomics.com>

VARIABLES

- Start-ups and Entrepreneurs in India
- Post Independence Growth of Per Capita Income
- Post Independence Growth of GDP
- Pre and Post Independence Business Ventures and Opportunities

STATISTICAL TOOLS USED

- Frequency Table
- Average Analysis
- Mean Analysis

Table 2 – Estimation and Prediction Evaluation of GDP by IMF

Estimates by IMF		
Year	GDP per capita (\$)	
	Nominal	PPP
1980	266	566
1981	281	643
1982	285	691

1983	305	755
1984	290	794
1985	313	844
1986	326	883
1987	358	921
1988	370	1,024
1989	363	1,103
1990	385	1,177
1991	318	1,205
1992	333	1,275
1993	315	1,338
1994	362	1,429
1995	391	1,539
1996	419	1,653
1997	435	1,717
1998	432	1,808
1999	462	1,955
2000	463	2,041
2001	471	2,152
2002	492	2,236
2003	572	2,424
2004	658	2,645
2005	749	2,939
2006	840	3,263
2007	1,081	3,627
2008	1,053	3,789
2009	1,159	4,085
2010	1,430	4,496
2011	1,522	4,827
2012	1,496	5,095
2013	1,508	5,456
2014	1,627	5,855
2015	1,808	6,266
2016	1,942	6,746
2017	2,104	7,308
2018	2,270	7,932
2019	2,463	8,601

2020	2,672	9,328
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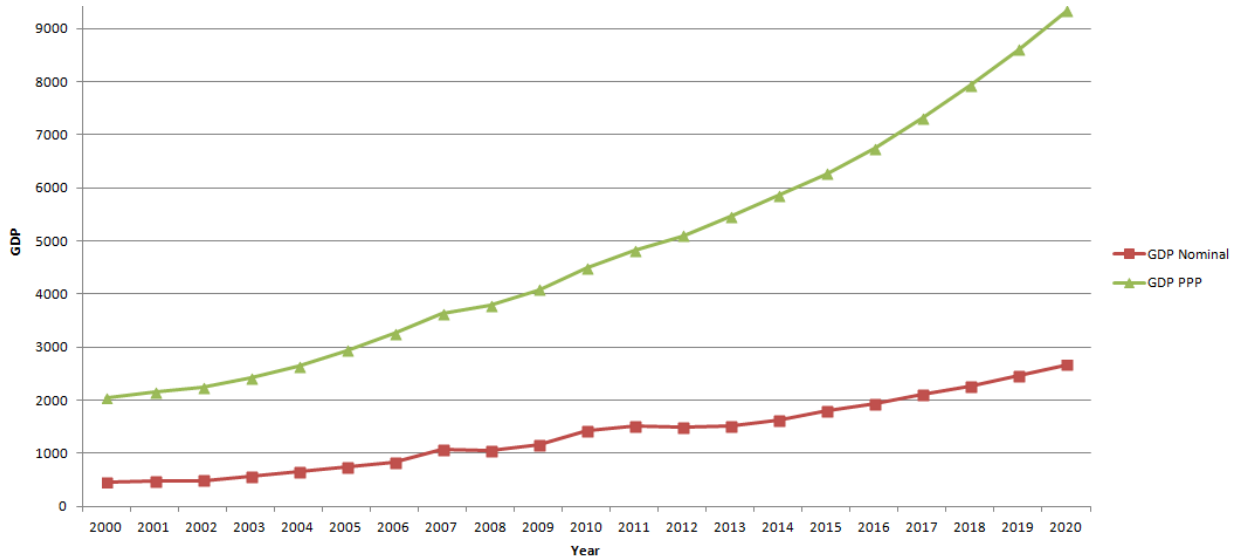


Figure 3 – Prediction Model and Graph of GDP from ten years



Figure 4 – GDP per Capita (2006-2014)

“By industry, the most important and the fastest growing sector of Indian economy are services. Trade, hotels, transport and communication; financing, insurance, real estate and business services and community, social and personal services account for more than 60 percent of GDP. Agriculture, forestry and fishing constitute around 12 percent of the output, but employs more than 50 percent of the labor force. Manufacturing accounts for 15 percent of GDP, construction for another 8 percent and mining, quarrying, electricity, gas and water supply for the remaining 5 percent.”

Table 3 – Growth of India GDP in Assorted Aspects

India GDP	Last	Q1/16	Q2/16	Q3/16	Q4/16	2020
GDP Growth Rate	1.9	1.5	1.75	1.6	1.7	1.3
GDP Annual Growth Rate	7.3	7.2	7.2	7.1	7.2	5.7
GDP	2067	2055	2079	2102	2126	2410
GDP Constant Prices	28523	27624	28624	27724	27913	28500
Gross National Product	56739	57403	58100	58797	59493	78145
Gross Fixed Capital Formation	8672	9068	8007	8517	8607	8907
GDP per capita	1263	1272	1287	1303	1319	1617
GDP per capita PPP	5565	5569	5638	5707	5776	7454
GDP From Agriculture	5132	3609	3271	3911	3941	3935
GDP From Construction	2213	2202	2406	2179	2292	2425
GDP From Manufacturing	4338	4452	4496	4513	4519	4523
GDP From Mining	763	721	716	715	715	715
GDP From Public Administration	3486	3684	3725	3711	3841	4772
GDP From Utilities	576	608	607	607	607	607

FINDINGS

- There is significant and remarkable growth of per capita income with the intensification of new start-ups or entrepreneur ventures.
- The gross domestic product is directly associated with the growth and escalation of new business ventures.
- Indian economy is highly dependent and relying on the new business ventures.
- To promote and escalate the Indian economy, the Govt. of India has taken incredible and astonishing steps.

SUGGESTIONS

- The corporate taxation policies should be updated and relaxed for the new business ventures
- The start-ups or entrepreneurship ventures should be continuously monitored by the government agencies so that any financial issue can be extracted.
- There should be very less documentation work for the new ventures so that they can focus on the work rather than paper exertions.

CONCLUSION

The support and promotion of government towards entrepreneurs should be at higher priority as it escalates the national economy in terms of per capita income, gross domestic product and increasing the employment segments. In this domain, the government of India is having a specific focus and working in an excellent direction. From the datasets from assorted sources, it is found and extracted that the national economy is increasing linearly with significant rate and further enhancement can be done.

SCOPE OF FUTURE WORK

The present and contemporary research work can be augmented with the use of advance prediction techniques so that the nature of new start-ups and their performance can be evaluated in prior. Using this approach and methodology, the government can predict the effectiveness of new start-up and relation can be established with the national economy.

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