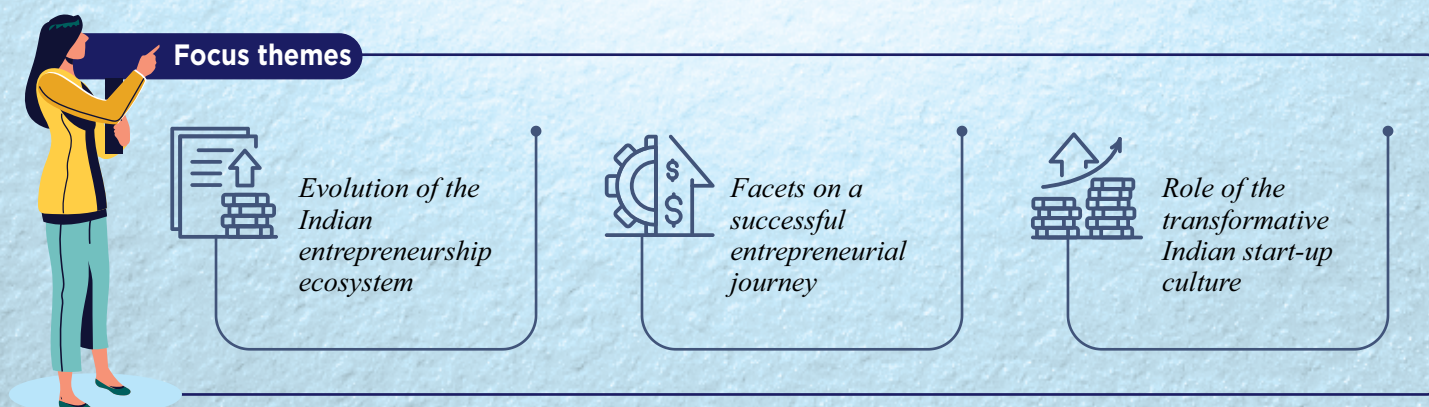




# India's Entrepreneurial Edge: Strengthening the Economic Growth Journey



## EDITOR'S NOTE



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Entrepreneurship is deep-rooted in India's cultural milieu and is a crucial economic pillar for the country. Despite the recent celebration of the Indian start-ups, entrepreneurship is not a new trend in India. There is ample data supporting the country's entrepreneurial inclinations, as the Global Entrepreneurship Monitor estimated that almost 90 per cent of Indians consider entrepreneurship a desirable career choice, in 2021, against the global average of 68.7 per cent.

Traditional family businesses continue to have a strong foothold in the Indian landscape, with the country among the top global leaders for family businesses. Not often cited in the media, family entrepreneurship varies from the VC/PE-backed start-up ventures. While the latter is driven primarily by the financial goals of high valuations and profitability, the former is also driven by social and emotional pursuits.

Over the last decade, the Indian start-up ecosystem has transformed the country's economy, enabled innovation and disruption and provided the youth with diverse employment and entrepreneurial opportunities. The Indian start-up ecosystem now ranks as the third-largest unicorn hub globally, with 100 unicorns. The start-up industry has emerged as a driving force in the Indian economy.

Entrepreneurship in India is multi-faceted as more than 70 per cent of the people are self-employed. With more than 64 million micro, small and medium enterprises (MSMEs), India has a large base of entrepreneurs that focus on creating and

scaling profitable businesses and fostering social change. MSMEs play a significant role in promoting growth in the Indian economy, with the segment contributing 30 per cent to the GDP.

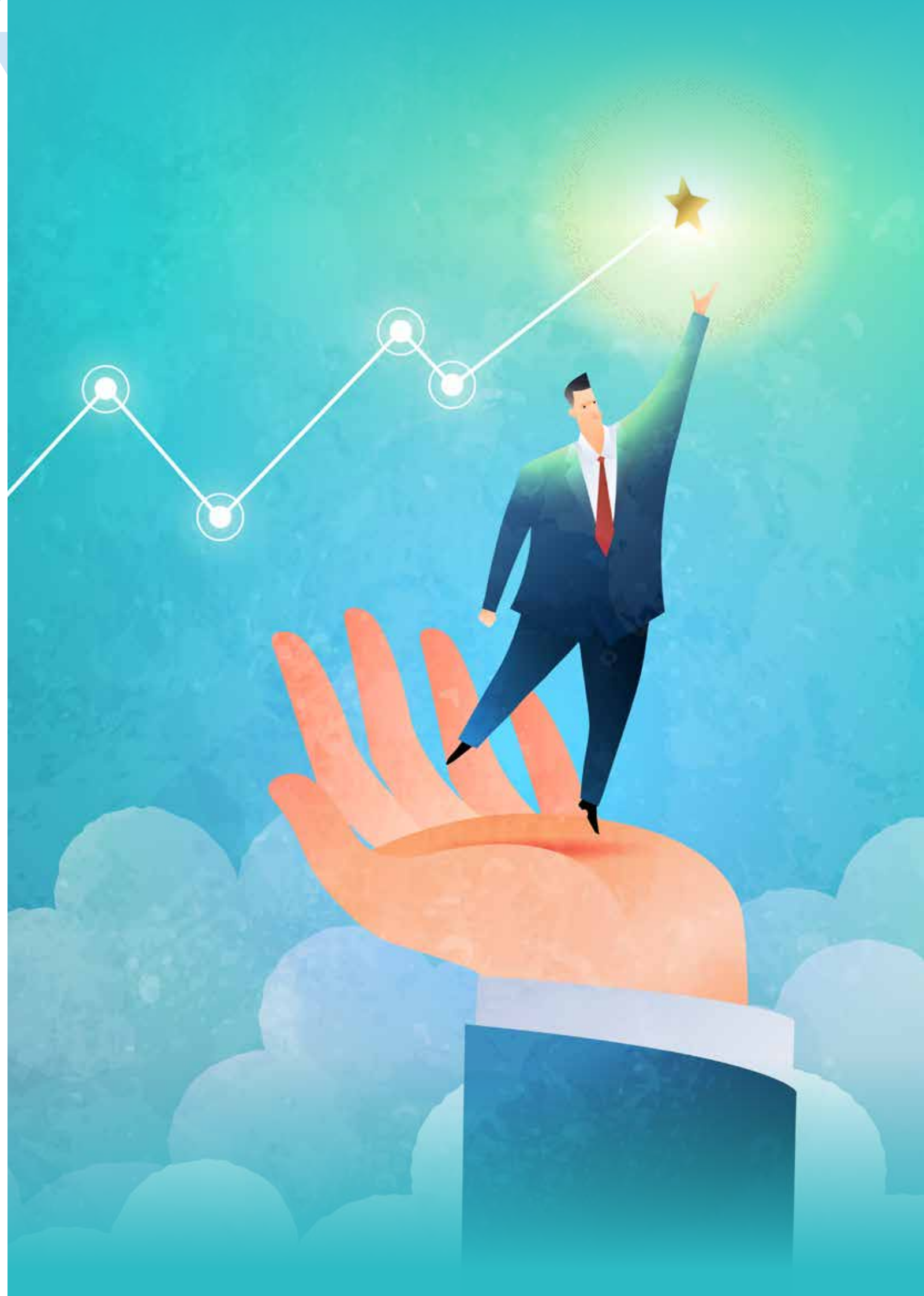
The emerging segment of intrapreneurship is also gaining prominence, as new ventures are being created in large corporations through a formal top-down approach. Often better structured and well-resourced, corporate intrapreneurs also have a varied risk profile.

Entrepreneurship augments regional development, increases exports, and converts job seekers into job creators. The Indian Government has been facilitating entrepreneurship by fostering technology adoption and skilling the workforce.

We at ASSOCHAM, under the Bharat@100 initiative, are working towards bringing together the academia, policymakers and industry players to nurture the nuanced Indian entrepreneurship ecosystem. Given the diversity of India, it is imperative for us to build an inclusionary ecosystem that supports all segments of businesses and society. At a time when India focuses on the Amrit Kaal with aspirations of exponential growth, accelerating development and reducing inequality through growth-oriented reforms will energise innovative and entrepreneurial endeavours.

Together with the ASSOCHAM team, I am excited to share this compendium of industry insights exploring entrepreneurial growth ideas across segments. We hope you enjoy reading this and look forward to hearing from you.





# A First-Gen Entrepreneur's Guide to a Successful Start-up

**Sumant Sinha**

President, ASSOCHAM and Chairman and CEO of ReNew Power



A first-gen entrepreneur's journey is not easy—even in these days of a far more enabling ecosystem, including government policies such as collateral-free loans and tax exemptions.

It is the age of entrepreneurship, evident in the continued surge in start-ups and unicorns across the world, including India. In fact, the pandemic has enhanced the image of India as a land of entrepreneurs, with the spotlight on the Indian whiz kids—and some older entrepreneurs—for being able to adapt, innovate and thrive under challenging circumstances. Just look at Physics Wallah and Purple.

The unprecedented growth of the country's start-up ecosystem since 2020 has made India the third-largest start-up hub in the world, after US and China. Currently, it has 70,000 start-ups and over 100 unicorns.

Interestingly, over 50% of start-ups are in small towns and not just in metro cities, indicating an influx of first timers in the entrepreneurial space (many without a family background in

business). This refreshingly shows that big-ticket and new business wizardry is not restricted to the big metros—a hopeful sign for further economic momentum as India continues to be the world's fastest-growing major economy.

Furthermore, most start-up founders are young graduates from IITs, IIMs, engineering colleges, or young executives, who have previously worked in multinational companies. They have abundant confidence, ambition, and personal courage—as they should have. Nevertheless, a first-gen entrepreneur's journey is not easy—even in these days of a far more enabling ecosystem, including government policies such as collateral-free loans and tax exemptions. But there are still significant challenges such as raising funds and venturing out with potentially no experience in an emerging sector. As a new entrepreneur, the following tips and suggestions may be useful, some of them stemming from

my own experiences as I started ReNew Power 11 years ago.

## Question your plan—repeatedly

When you venture into business as a first-gen entrepreneur, you have to realise that you may be on your own without a family business to fall back, such as was in my case, or an experienced boss to turn to. Sometimes, you will be filled with self-doubt, but it is important to recognize that is as part of the journey. Embrace uncertainty, risk, and failure. These are elements that have marked many successful start-up stories. In fact, start-ups often live by the mantra: 'Fail forward.'

Further, ensure you go over your business idea multiple times. Rigorously look at it through multiple lenses and question oneself relentlessly. Will it work? Why? What are the challenges? What am I missing? What if the market changes dramatically—what is plan B? Reach out to trusted ex-colleagues and bosses to bounce ideas off, as well as for advice. Thoroughly research the market and potential competitors to ensure that your planned business is tapping into a future, or very nascent burgeoning, need, and not based on an oversaturated idea. The Government of India has played a significant role in the rise of start-ups. It has initiated several reforms and schemes that help start-up entrepreneurs build on their ideas such as the Startup India campaign. Dig deep and choose the one that suits your future business.

## Be a wise legal—and fiscal—owl

Ensure the venture begins on a clean slate, which means being debt-free and not burdened by loans. A foremost challenge for new entrepreneurs is the lack of funds for operating their business. However, today, she has numerous options beyond traditional bank loans, and family and friends. There is a much bigger entrepreneurial ecosystem out there than earlier. Today the young entrepreneur has angel investors, venture capital, bootstrapping, crowdfunding, and silent partners. Explore these for yourself and see which best addresses your financing needs.

Moreover, you also must get familiar with all the financial and legal requirements before you embark on your entrepreneurial journey. This should be a non-negotiable, and you need to make sure you are in sync with regulations already in the space or what legal questions in the future that could come up if your planned endeavour is in a sector that is very nascent and still basically unregulated, such as Web 3.0 and immersive technologies or battery storage. Seek professional advice. Get familiar and get smart on these aspects—ignorance will not help in future legal challenges.

## Get mentored

If you do not have a traditional business family to mentor you, look at organized mentorship in a top-grade mentorship program. Or find a mentor to guide you.

Get someone to bounce your ideas off who is not invested in what you plan to do but knows the business and corporate world. Other options are incubators and accelerator programs: They can be powerful allies in helping you build on your idea. As Indra Nooyi said, "I'm a product of great mentoring, great coaching."

## Invest in an invested team

First-gen entrepreneurs find it difficult to retain talent or teams when they are unable to offer a pay package like established companies. But remember, it is people in your company that make or break the business and execute your vision. So, invest in smart and capable individuals who you can trust to take important decisions and, very importantly, are invested in your business dream or idea. If you cannot give them a package similar to those offered by well-established organisations, convince them of your vision in a way that makes them want to live it.

## Make a fresh pitch

Marketing is a critical part of building a brand. It becomes even more crucial when you start out as a first-gen entrepreneur. However, you have to ensure that you do not overdo it. Market mindfully and select the right platforms that will ensure a brand presence. Work strategically with the media to highlight what makes your business idea differentiated and scalable and is tapping a new need.



# The Changing Face of Entrepreneurship in India

**Ajay Singh**

Sr. Vice President, ASSOCHAM and Chairman and Managing Director of SpiceJet



Right now, it is the Indian start-up ecosystem that's caught everyone's attention. Its unprecedented growth during the lockdown has been largely attributed to the rapid digital transformation and adoption of tech.

thrive under unprecedented circumstances (in this case, the pandemic).

While the pandemic may have put the spotlight on Indian entrepreneurship, it is not a new phenomenon. India has always been known to be a land of entrepreneurs, what has changed is the form and approach. The journey of entrepreneurship in India can be traced to family businesses and communities that went on to spread their wings abroad. In such a set up it's normal to see family members innovate and create ventures within the family business fold. The factors that drive a family business are not the same as the ones that drive a corporate entrepreneur or a unicorn founder.

The tectonic shifts started taking place during the pandemic when entrepreneurs across the board felt threatened about the existence of their business with

The world changed with the advent of COVID-19 – for the good and perhaps, the not-so-good. And while India, too, felt its adverse effects, it sprung an unlikely hero during the crisis – the Indian entrepreneur. While the initial days of the pandemic and the lockdown in 2020 impacted entrepreneurs severely, things started turning around in the latter part of the year with some signs of recovery. Today,

the Indian entrepreneur is the talk of the global world for various reasons –

1. Four out of every 10 unicorn founders in the US were found to be of Indian origin.
2. India is the third-largest start-up hub in the world.
3. The entrepreneur back home has been lauded for being able to adapt, innovate and

the reduction of trade and delay in payments. However, according to GEM (Global Entrepreneurship Monitor) report last year, nearly 70 per cent of entrepreneurs in India changed their business plans vis-à-vis 68.2 per cent of global entrepreneurs. Apart from that, around 45 per cent of entrepreneurs chose to explore new business opportunities, driven by factors, including digitization, health, localization and sustainability, while 22.5 per cent of entrepreneurs took to online trading at the time of the pandemic.

Right now, it is the Indian start-up ecosystem that's caught everyone's attention. Its unprecedented growth during the lockdown has been largely attributed to the rapid digital transformation and adoption of tech. What's spurred the growth further is the acknowledgement of start-ups as a catalyst for the growth of the economy. According to the Economic Survey 2021-22 report, there are over 60,000 start-ups operating in India, including 100 unicorns.

It's not just got the foreign investors who are interested in

the new-age companies now, but also domestic investors invest in them. In fact, large modern industrial houses in the country are also investing heavily in health and tech-based start-ups, among others. Interestingly, these industrial houses were also start-ups when they started out.

While the evolution of the Indian entrepreneur has led to the emergence of new-age companies and start-ups, it is just the beginning. The Government of India (GOI) has undertaken several initiatives to foster the entrepreneurs – be it as MSMEs or as start-ups. They announced several reforms and initiatives for entrepreneurs under the Aatmanirbhar Bharat mission to enhance their production or avail of collateral-free loans among others. One of the first steps that helped in the growth of entrepreneurs was the redefinition of MSMEs in 2021, which did away with the distinction between manufacturing and service MSMEs.

What also helped were schemes like IPR Protection to assist start-ups to file an application,

Fund of Funds for Start-ups (FFS) that helped generate funds, and bootcamps like Start-up Yatra in Tier 3 and Tier 3 cities among others. The support continues with measures like SETU to strengthen all prospects of self-employment initiatives especially in technology-driven areas, the SAMRIDH Scheme to improve India's start-up accelerator environment, and NewGen IEDC aims to instil the spirit of entrepreneurship through educational institutes and DEDS for people working in the dairy industry, among others. This year, the government has also allocated Rs 283.5 crore for the Start-up India Seed Fund Scheme in the Budget 2022-23.

However, the new-age entrepreneurial climate today does not belong only to start-ups, family businesses need to be celebrated and encouraged too, as they contribute to the country's economy. But a key issue that needs to be addressed when it comes to entrepreneurship in India is the count of women entrepreneurs. There are 8.19 million women entrepreneurs in India, which amounts to just 10 per cent of the total entrepreneurs in India. The government has introduced several initiatives to improve the numbers, however, there is a need to do more in terms of creating a climate in terms of mindset. Women in India play a dual role as primary caregivers; however, this fact is held against them, encouraging biases. Removing these prejudices will not only increase the numbers of women entrepreneurs but will also work wonders for the country's GDP and economy.



# Strengthening the ecosystem to promote start-up culture in India

**Deepak Sood**

Secretary General, ASSOCHAM



The pandemic year of 2021 has been dubbed the 'The Year of the Unicorn' in India given the speed with which the start-up ecosystem has grown and flourished across the country.

The pandemic year of 2021 has been dubbed the 'The Year of the Unicorn' in India given the speed with which the start-up ecosystem has grown and flourished across the country. The Economic Survey 2021-22 report recorded over 60,000 start-ups in the country and 82 unicorns early this year, but six months down the line the numbers have already grown to 70,000 and have hit a century-milestone

with 100 unicorns. It is this pace that has led to the belief that the average growth rate of the Indian entrepreneurial ecosystem is said to be faster than that of developed countries like the US, UK and Germany, among others. And in a span of eight years, India has gone on to become the third-largest start-up hub in the world after US and China.

The unprecedented growth of the start-up and entrepreneurial

ecosystem and the role it played in the growth of the economy during the pandemic years has not gone unnoticed. The potential is immense, however, there is a need to sustain the start-up momentum, especially when you have not only the US and China to contend with, but also Israel which has a thriving start-up ecosystem.

The Government of India (GOI) has played a vital role in the emergence of new-age companies. Several reforms and schemes under the AatmaNirbhar Bharat mission are geared towards fostering the entrepreneurial ecosystem and helping companies enhance their production while supporting them financially. This year, the government has allocated Rs 283.5 crore for the Start-up India Seed Fund Scheme in the Budget 2022-23, which will be supported by schemes initiated in previous years, such as IPR Protection,

Fund of Funds for Start-ups (FFS), Start-up Yatra and Samridh. Such regulatory support aims to assist start-ups in filing applications, generating funds and further cascading the start-up culture across the country. Interestingly, more than 50 per cent of start-ups are found to be in small towns and not just metro cities.

Besides the policies and schemes, there is a need to start promoting entrepreneurship in the early stages. Colleges, universities and other educational systems have an important role in nurturing talent and the next-gen entrepreneurs. The oft-cited example is Silicon Valley, which has benefited from school talent. It is necessary to encourage educational institutions that offer entrepreneurship studies, courses on innovation and digital marketing programs, among others. It will not only pave way for bright minds but also equip future entrepreneurs for the challenges ahead.

Beyond the classrooms, it's the incubators and accelerators that have become an intrinsic part of a start-up journey. Considered to be powerful tools in helping start-ups realize their potential, incubators and accelerators provide mentorship, guidance, training, strategies and funding to start-ups. The resources and network that they provide are crucial in helping a fledgling company find a foothold or establish itself within the ecosystem.

A start-up cannot take off if there are no funding providers. This is where angel investors, venture capital (VC) firms and crowdfunding come in. While the latter has been around for quite some time now, it's the angel investors and venture capitalists that have been making more news for their role in the start-up ecosystem. The difference between the two is that an angel investor is an entrepreneur who invests in a new venture and takes an equity position in the company, while a VC is a firm of financial experts who pool money from other sources like insurance companies, funds and banks to invest in start-ups and small businesses.

The government has time and again stressed on the need for corporates to play a bigger role in the start-up movement. While a few big industrial houses have collaborated with start-ups, more participation is needed. The exchange of talent, knowledge and experience between start-ups and corporates can play a crucial role in strengthening the ecosystem.

Meanwhile, in the year 2021, India saw the highest number of unicorn start-ups ever, with women co-founding 10% of the start-ups, the highest percentage ever recorded. According to the data, women have increasingly become business leaders and company founders in recent years. This is such a far cry from the time when simply having a bank account was considered

a major accomplishment for women.

The country has over 15.7 million women-owned businesses, with women leading the start-up ecosystem. This dramatic transformation exemplifies Indian women's potential and determination. As we work towards exponential economic growth, it is imperative for the country to further encourage women-owned and women-led businesses. In the coming decades, India must witness a significant shift, with women dominating the workforce as well as shaping and enhancing the country's future. More than 30 million women-owned businesses are expected to create 150-170 million jobs by 2030. This has the potential to be a game-changer, brightening the economic outlook more than ever before.

Apart from the integration of the start-up with research and academia, forming a community also helps the ecosystem. Networking events, conferences and workshops have always helped in maintaining a culture, in this case, an entrepreneurial one. It will help the Indian entrepreneurial ecosystem keep pace with the growing entrepreneurship culture around the world and motivate it to upskill and innovate. It is after all tipped to be one of the key drivers in the growth and expansion of the economy, job creation and investments in the next 25 years.



## What will the next wave of start-ups focus on?

**Vineet Agarwal**

Immediate Past President of ASSOCHAM, Managing Director of Transport Corporation of India Ltd.



Interestingly, the growth of start-ups has been synonymous with the adoption of technology across the country. This is said to have ensured the growth of various sectors post-pandemic.

India is making waves with its booming start-up ecosystem worldwide. It has emerged as the third-largest start-up hub in the world after the United States (US) and China. The denizens of the Indian start-up world are in a celebratory mode as the country achieved a milestone last month with its 100th unicorn, which it is believed validates the emergence of a true start-up economy here. This rapid development of the

ecosystem has also received high praise from the Prime Minister of the country, Shri Narendra Modi on his Mann Ki Baat monthly talk show, where he said that the world of start-ups reflects the spirit of new India and shows that those who have an innovative idea can create wealth. He also expressed confidence in the Indian start-up ecosystem reaching new heights in the future.

The start-up explosion has not been an overnight occurrence. It can be traced back to the time a mobile adtech touched the US\$1 billion mark in 2011. It picked up the pace with the entry of e-commerce platforms, cab-hailing apps and other technology-based apps. The steady pace at which the start-up sector was growing till 2019 changed drastically with the pandemic. The growth accelerated as the country went digital to cope with the impact that lockdown wrought on all the sectors across the world. The e-commerce sector, however, saw massive growth at such a time. This coupled with tech adoption, increased usage of smartphones and penetration of the internet has accounted for homegrown start-ups making US\$42 billion in 2021. Following the century-milestone that they achieved this year, 2025, it is predicted, will see the birth of 250 unicorns.



According to the India Venture Capital Report 2021, there has been a rapid growth in the number of start-ups in the country. The report states that the number of cumulative start-ups has grown at a CAGR of 17 per cent since 2012. These numbers, however, are not just confined to metro cities, in fact, more than 50 per cent of start-ups have been found to be in Tier-2 and Tier-3 cities. According to the Economic Survey, there has been at least one new start-up in about 555 districts in India. Interestingly, the growth of start-ups has been synonymous with the adoption of technology across the country. This is said to have ensured the growth of various sectors post-pandemic. One such sector that saw massive growth due to tech adoption and digital transformation is the e-commerce platforms. It is now expected to

make US\$188 billion by 2025 as well as reach the US\$350 billion by 2030.

Apart from e-commerce, fintech and the SaaS (Software as a Service) industry have also largely benefited from the tech adoption and the trend is expected to continue in the next three years. However, with environment and sustainability becoming the prime focus in a post-pandemic world, the ESG (environment, social and governance) sector is likely to see more start-ups venturing into that space. The start-up boom has also seen the growth of space tech outfits in the country – it has risen from 11 in 2019 to 47 in 2021.

Interestingly, most of the edtech and space tech start-up founders have been found to be young graduates from IITs and

engineering colleges or young executives who've worked in multinational companies. The Indian start-up ecosystem is proof that it is fuelled largely by young ambitious Indians who are fearless enough about taking risks. What has also helped is the role of the Government of India, which has facilitated the growth of the ecosystem with progressive policies and initiatives like the Start-up India.

The start-up journey has its share of challenges, including inflation, which is looming at large. In such a scenario, investors and corporates need to rework their investment strategies and play a bigger role to ensure that the flourishing Indian start-up ecosystem sustains and thrives seamlessly. Apart from significant funding from venture capital and angel investors, it needs to have adequate risk management frameworks in place as well as technological solutions and resources to foster the growth of start-ups.

There is also a need for the entrepreneurs to focus on sectors other than those relating to e-commerce, finance and engineering. Diversifying into unexplored territories like farms and dairy would make the start-up ecosystem more relevant, versatile and vibrant. Apart from boosting employment, it will also attract global investors from all sectors and strengthen the Indian start-up system on the world map for the long haul.

# Entrepreneurs are the real Wealth Creators of the Nation

**Dr Niranjana Hiranandani**

Past President- Assocham and Founder, Hiranandani Group



The future entrepreneurial talent will demand an amalgamation of design thinking, technological competency, vocational training, and skilling to sound relevant to the businesses.

India has always been a land of entrepreneurs. The Indian entrepreneurship journey runs deep since ancient times with the mercantile community known for its voluminous trade. Renowned business houses like Tata and Birla today are globally acclaimed entrepreneurship endeavors of Indian origin, setting an exemplary benchmark for aspirational new-age entrepreneurs.

Indians are genetically gifted with an intuitive sense of business acumen along with a strong entrepreneurial mindset. The Indian business ecosystem comprises a good mix of organized and unorganized markets as it caters to a diverse consumer base. The businesses remain largely fluid and seasonal in an unorganized market to appease huge demographic dividends across the length and breadth of the nation.

The customer heterogeneity prevailing in the market has nudged the Indian economy to quickly transform into a global entrepreneurship hub.

As a result of globalization, historically known for its manufacturing-based economy, India has now also morphed into a service-led economy. Today's next-gen entrepreneurs are brimming with start-up fervor with unique business models like OLA and Zomato. These path-breaking businesses have earned global fame on the back of innovative ideation and technological revolution. The emergence of this start-up culture will play a catalyst role in scripting India's robust economic growth. This will act as a distinctive marker for the nation's progress and accelerated development towards becoming a US\$5 trillion economy.

The entrepreneurial graph signals the overall employment framework of a nation. A strong



entrepreneurial growth implies a progressive path with substantial growth in consumer capacity, and economy. Robust entrepreneurial venture assists in various skilling and up-skilling programs, making sure that employment takes place in large-scale industries with a specific set of skill-sets. In such ways, they re-design and re-invent existing business models to adhere to the demands of the growing world. The increase in employment opportunities is directly proportional to the rise of entrepreneurship.

Along with the economy, entrepreneurs have parallelly been involved in various societal concerns. Raising the bar, social entrepreneurs have stepped into various domains like sustainability, equality, safety and security concerns with innovative business models. Such an approach not only looks after society by and large but also

makes sure the business remains profitable.

The future entrepreneurial talent will demand an amalgamation of design thinking, technological competency, vocational training, and skilling to sound relevant to the businesses. Entrepreneurship will be the only 'solace' for the emerging workforce, as the government and private sector will be saturated to absorb the rising population.

Cultivating an entrepreneurial mindset is the key to being able to run a successful venture. A passionate entrepreneur can perennially work for a dream because it serves a purpose one has envisioned. A tenacious mind with the space for agility drives successful entrepreneurial minds where a bit of both is necessary to create a wonderful enterprise.

The 'real' essence of entrepreneurship is all about

playing long innings. Today's growth mantra is all about synthesis of ideation, creativity, out-of-the-box thinking, risk appetite, and customized solutions. In the age of customer-centricity, entrepreneurial spirit fosters a sense of great independence and job satisfaction. The future of entrepreneurship is a promising career option with the dignified accreditation of being 'Job & Wealth' creators for the nation. The Indian government has duly realized the mountainous level of potential for entrepreneurship and its role in nation-building. The GOI has ramped up many entrepreneurship-focused initiatives like Make in India, Start-up India, Atal Innovation Mission, Pradhan Mantri Kaushal Vikas Yojana, and National Skill Development Mission. Both the government as well as the private sector, together can make entrepreneurship a future-proof career path for the upcoming youth. Such endeavours will be fruitful for the economy and the nation, creating a global destination for India to rise to be the next 'Entrepreneur' destination.

The efforts of the government are going in the right direction as entrepreneurs with the right skilled workforce can be the driving force of the Indian Economy in the future. Furthermore, this is the collective responsibility of individuals and organizations to step ahead and take the lead to create a sustainable skill development framework for India.



# Entrepreneurship Ecosystem and Role of Education Institutions

**Sushma Paul Berlia**

Chairman, ASSOCHAM National Council on Business Facilitation and Global Competitiveness and Chairman, Apeejay Styra Group



Success in entrepreneurship requires knowledge, tenacity, ambition, responsibility, and entrepreneurial skills. The development of entrepreneurial education is extremely significant for the expansion of entrepreneurial skills, innovation, and the development of creative potential.

Entrepreneurship, considered to be an engine of economic growth, boosts innovation that assists in exploiting newer opportunities; enhances productivity; and generates employment. It aids in addressing economic, environmental, and social issues. The level of the entrepreneurial activity indicates how dynamic the economy is, offering a benchmark for an economy and assisting in global comparison. In the wake

of the COVID-19 pandemic, governments across the globe will increasingly focus on entrepreneurship as a key component of repairing the economy. The governments will also be required to undertake measures for the promotion of healthy entrepreneurial ecosystems.

During the pandemic, the Indian government undertook a slew of measures aimed at supporting

small businesses (including micro, small and medium enterprises) and protecting the livelihood of vulnerable sections. As a result, in 2021, India established a mark for itself and emerged as the third-largest start-up ecosystem in the world with more than 60,000 start-ups and 42 unicorns (created solely in 2021).

According to the findings of the Global Entrepreneurship Monitor (GEM) India Report (2021–2022), in the year 2021, the country's entrepreneurial activity enlarged. The total entrepreneurial rate (i.e., the percentage of adults, aged 18–64, who are starting/running a new business) rose to 14.4 per cent in 2021 from 5.3 per cent in 2020.

Furthermore, the established business ownership rate (i.e., the percentage of adults, aged 18–64, who are currently the owner-manager of an established business for more than 42 months) rose to 8.5 per cent in 2021 from 5.9 per cent in 2020.

For promoting entrepreneurship and training, various entrepreneurship development schemes such as Stand-up India; Start-up India; PM YUVA; Pradhan Mantri Kaushal Vikas Yojana (Skill India Mission); Entrepreneurship Promotion and Mentoring of Micro and Small Businesses in Six Holy Cities; and Economic Empowerment of Women Entrepreneurs and Start-ups by Women (WEE) have been introduced by the government.

The government realizes that education plays a fundamental role in the development of entrepreneurial competencies. Success in entrepreneurship requires knowledge, tenacity, ambition, responsibility, and entrepreneurial skills. The development of entrepreneurial education is extremely significant for the expansion of entrepreneurial skills, innovation, and the development of creative potential. To make entrepreneurship education effective and encourage the learning about entrepreneurship within schools, a robust collaboration between educational institutes and businesses is also required.

Therefore, in 2020, National Education Policy (NEP) was launched by the government to foster experiential learning and critical thinking among students. The policy has been constituted on pillars such as access, equity, quality, affordability, and accountability, seeking to develop the nation as a global knowledge superpower. It focuses on the creation of 'job creators' rather than 'job seekers'. It seeks



to make school and college education more holistic and multidisciplinary, responsive to the 21st century needs, and geared toward bringing out the unique qualities of each student.

In the Union Budget 2022–2023, the education sector received the budgetary allocation of INR 1,04,277.72 crores, a hike of 11.86 per cent as compared to the corresponding year. In addition to this, interventions such as the establishment of a digital university, alignment of Skill Qualification Framework with industry requirements, approval to foreign universities to run courses in GIFT City, etc. were announced to further enhance the education and skilling ecosystems in the country.

Additionally, in the budget, an outlay of INR 50,000 crores was announced by the government for National Research Foundation

(NRF) to enhance the governance structure of research-related institutions and strengthen linkages between research and development (R&D), academia, and industry. NRF is an autonomous body envisaged under the National Education Policy (NEP) 2020.

The University Grants Commission (UGC) is planning to launch a system wherein industry experts will be invited to teach as full-time or part-time faculty members at central universities. It is in line with the National Education Policy 2020 vision of promoting industry-academia connect.

All of these measures will aid the country in encouraging the entrepreneurial aspirations of Indian youth and positioning itself as a global hub for innovation and entrepreneurship.

## Information technology and intellectual property shaping entrepreneurship

**K Subodh Kumar**

Head IP Services, Tata Consultancy Services Ltd



The pandemic has ushered in new business models which leveraged the power of software applications. From delivering a favourite meal to watching one's favourite movie at home – Entrepreneurs in India

A simple piece of a Software Code has redefined human existence today. In enterprise process management, managing a diverse workforce seamlessly or bringing the latest sophistication in the products we use in day-to-day life – Software has made its mark. It is an indispensable part of human growth and existence. An entrepreneur's journey is intertwined with the usage and creation of different forms of Software. The pandemic has

ushered in new business models which leveraged the power of software applications. From delivering a favourite meal to watching one's favourite movie at home – Entrepreneurs in India have leveraged the power of Information technology and software is an integral part of the IT growth trajectory.

A Software code has many interesting dimensions of Intellectual Property attached to

it. A binary code of proprietary software is protected by copyright. The functionality of the code when it is applied in a solution or a product is protected by a patent. The interpretation of the ubiquitous patent claims provides monopolistic rights to the patent owner. The assets of the Information technology companies are of varied nature. They are products, solutions to address customer problems, components, methodology, and processes. The business value to the end-user of these assets is delivered through the intangibles of Intellectual property and thereby the basic need to protect them through Intellectual property rights.

A database of business contacts on a mobile phone is a piece of confidential information which is intellectual property. These contacts are not only business enablers, but a simple example of strategic business information to an entrepreneur. The fundamental understanding and capability

the entrepreneur should have 1. Identification of Intellectual Property and 2. Processes and mechanisms for its protection. An entrepreneur best protects confidential information if he realizes that the confidential information is intellectual property, and it is best protected if this information is not disclosed to a third party other than the intended audience. This is a simple example to identify the intellectual property and the need to protect the same

Today information technology is witnessing a threshold of disruptions. A convergence of interdisciplinary domains and realms of innovations. Solutions are increasingly being

digitized, Social Media Analytics and Cloud Computing have transformed the service delivery mechanisms, revolutionized the scope of handling huge volumes of data, and have brought in interesting analytical perceptions of customer behaviour. The influence of social media is impacting the customer likes has made the world connected and a faster space for communication and receiving information about everything through a touch of a screen.

The Internet of things has transformed Machine to Machine Communication. Never before the data on machines and interoperability with several other technical advancements

in interdisciplinary domains have been made practical and dependable and there is an increasing amount of data flowing into computer mediums which have been enormous challenges for data management, data retrieval and information security. Innovations have made this planet a seamless interconnected system where there is increased stress on people, processes, and machines to live up to the challenges and there is an ever-increasing need for innovations to support the dynamic and fast-paced technologically outburst fuelling the need for increase focused and attention on the IP being created and strategy to manage the same.





# Importance of Entrepreneurship in the Indian Economy

**Anil Rajput**

Chairperson, ASSOCHAM CSR Council and  
Sr. Vice President Corporate Affairs, ITC Ltd.



While agriculture remained the dominant economic activity, many other manufacturing activities were also contributing in the pre-colonial India

The true progress of a developing nation can to a large extent be judged from the advancement of entrepreneurship in the country which plays a vital role and serves as catalyst in the process of industrialization and economic growth. While India is currently witnessing an entrepreneurial revolution and a growing realization of self-reliance, the evolution of the Indian enterprising spirit can be traced back to ancient era.

Interestingly, India was the one of the largest economies in the world, for about two and a half millennia starting around the end of 1st millennium BC and ending around the beginning of British rule in India. India had already established itself on the world map and was widely recognized for its entrepreneurial skills due to the presence of exports and trade.

While agriculture remained the dominant economic activity, many other manufacturing

activities were also contributing in the pre-colonial India. At that time many of the handicrafts produced in India were famous and the country was well known for its muslin, calicos, silks, shawls and artistic wares made of glass and metals which were exported internationally. In fact, in the 17th and 18th centuries, Dacca in Bengal was regarded as producers of the finest muslins which were exported to European markets during that time.

Considering this healthy industrial state of India during the pre-British period, the Industrial Commission (1918) observed the following lines:

"At a time when the West of Europe, the birth place of modern industrial system, was inhabited by uncivilised tribes, India was famous for the wealth of her rulers and for high artistic skill of her craftsmen. And even at a much later period, when the merchant adventurers from the west made their first appearance in India, the industrial development of this country was at any rate, not inferior to that of the more advanced European nations."

It was only after the British took over India, that the economic policies by the colonial government promoted the economic interest of their country, and brought in policies which led to India's economic degradation. Such policies brought about a fundamental change in the structure of the Indian economy, which demoted Indian products and transformed India into a mere supplier of raw materials and consumer of finished industrial products from Britain. Inevitably, India experienced deindustrialisation resulting in the industries coming to a screeching halt with India's share of the world economy declining from 24.4 per cent in 1700 to 4.2 per cent in 1950, and that of global industrial output declining from 25 per cent in 1750 to 2 per cent in 1900.

According to economist Angus Maddison, India in the 18th century accounted for 23 per cent of the world's GDP and by the time the British left India this plummeted to under 3 per cent. The British successfully impoverished the Indian economy by draining its resources. Dadabhai Naoroji who coined the term "drain of wealth" has vividly shared how India was made to bleed for the upkeep of the British army and civil administration.

After achieving independence from British rule in 1947, India initially pursued a mixed economic model. The industrial policies in the 1950's made the provision of the coexistence of large public sector with private sector. With this in mind, investments in the creation of public enterprises were made, however, several problems resulting from this was seen in the 1950s which deepened in the 1960s and the 1970s. It was in the mid-1980s that the process

of reorientation of the policy framework began and gathered momentum. At this juncture the trade policy was also liberalised to a certain extent where a number of restrictions on various sectors were eased, control on pricing was removed, and stress was given on increased growth rate. When foreign exchange crisis loomed large in 1991, India liberalised its economy based on LPG or Liberalisation, Privatisation and Globalisation model.

Therefore, this mixed economic model since our independence, which established variety of rules and laws aimed at controlling and regulating the economy ended up hampering the process of growth and development and left a lot to be desired. Till date, several significant economic challenges remain for India as it continues to design a unique economic model that results in achieving a high growth trajectory.

One must understand that India is one of a kind and is endowed with a wide range of natural resources, a huge demographic advantage, a large agrarian society, dynamic industrial setup and a rapidly growing number of entrepreneurial pioneers and innovators and thus our Hon'ble Prime Minister Shri Narendra Modi has rightly recognised the potential of Indian youth and emphasised the need for a self-reliance. However, it is important to realise that resources alone in any nation cannot lead to development. It is in fact specialized skills, competence and ability possessed by its citizenry which needs to be harnessed to make the best use of these resources, in order to have a competitive edge over other nations.

Following the mantra of an Atmanirbhar Bharat, intensifying the need for self-sufficiency

and entrepreneurial skills will most certainly foster economic development and make us superior suppliers of goods and services not only in India but also across the world. To this, Government of India's forward-looking reforms and initiatives such as Make in India, Start Up India, Stand Up India along with several other programmes to build synergies across sectors and states in skilling, is making the Indian entrepreneurial spirit develop and grow in a consistent manner.

However, in our quest for self-reliance and entrepreneurship, it is education system which to my mind is at the heart of national growth. It is undoubtedly one of the key drivers of socio-economic prosperity and stability for a robust and self-reliant India. The focus of our education system should not solely be on getting employment but also on enhancing the employability and entrepreneurial skills of the population. Such an environment will not only create industry-ready entrepreneurs but also steer the coming generations towards being independent along with creating multiple avenues for securing their careers. Therefore, as we work towards a future-ready India, a healthy learning and skilling ecosystem which continues to update itself regularly with technological advancements across the globe is imperative.

Over the last 75 years, India has made several efforts to deliver growth and prosperity. As we celebrate Azaadi Ka Amrit Mahotsav and enter into Amrit Kaal, the 25-year-long leadup to Bharat@100, it is highly likely that the coming years will be the era of entrepreneurs - the change agents, who are rewriting the growth story of a New India.

# Partnering with Entrepreneurs Today & Tomorrow

**Rajeev Mehta**

EVP-Channels & SOHO, Vi Business, Vodafone Idea Limited



Family-run businesses have long dominated the entrepreneurial landscape in India. These businesses make up 85 per cent of all Indian companies and account for 25 per cent of India Inc's sales.

## Introduction

Entrepreneurship has been a part of the Indian ecosystem forever. From the early days of family-run businesses to today's new-age start-ups, India Inc has remained a booming hub for entrepreneurs. Family-run businesses have long dominated the entrepreneurial landscape in India. These businesses make up 85 per cent of all Indian companies and account for 25 per cent of India Inc's sales. Apart from family-run

businesses, the past years have seen a rapid explosion of start-ups in the Indian ecosystem. With 100 unicorns, India now has the third-largest start-up ecosystem in the world after the US and China. The rising numbers of Indian start-ups have created new markets and opportunities. From enhancing educational experiences, and overhauling healthcare, to revamping traditional industries like manufacturing, automotive, and banking, this wave of

entrepreneurship is bringing about ground-breaking changes in the Indian market.

## The role of technology in driving economic growth

The MSME sector contributes heavily to the Indian economy. Along with creating major employment opportunities, 63 million MSMEs spread across the country contributed 30% to India's GDP in FY20. By driving the industrialization of rural areas by efficiently utilizing capital and complimenting other larger industries, MSMEs have steadfastly contributed to the growth of the economy financially and socially.

Digital technologies such as cloud, IoT, big data, and AI promise the MSME sector the opportunity to increase efficiencies, improve decision-making, identify market opportunities faster, and enjoy greater transparency across the supply chain. In fact, the government is implementing a scheme to establish 20 Technology Centres and 100

Extension Centres (ECs) at an estimated cost of Rs 6,000 Cr to help MSMEs with technology support, skilling, incubation and consultancy.

The rise of the data economy is also presenting immense opportunities for entrepreneurs to improve their decision-making capabilities, capture market opportunities, and identify new value streams. As India moves along its path of digital transformation, the entrepreneurial ecosystem's capacity to leverage data will determine its capacity to emerge as a global hub.

The accelerated adoption of digital infrastructure and usage, cloud consumption, and 5G is poised to boost the entrepreneurial ecosystem and create greater opportunities for old and new entrepreneurs.

## Moving into a new era of entrepreneurship

Entrepreneurship in India isn't restricted to new-age start-ups. Family-run businesses also contribute significantly to the national GDP. Family businesses have iron-clad foundations and with values like goodwill, trust, integrity, and brotherhood being dominant characteristics.

These values have helped family-run businesses navigate volatile times such as the COVID-19 pandemic. The testing times, saw many family businesses move toward an innovative model born out of consumer need and unmet demand. The next-gen in these businesses recognizes that it is now time to adapt fast to changing market conditions and business dynamics. Driving digital capabilities across functions are now emerging as imperative

in this segment for long-term resilience and identifying growth and market opportunities.

The pandemic-induced changes compelled the Indian entrepreneurial ecosystem especially MSMEs and family-run businesses to re-evaluate the way work happens. Moving towards digital enablement is now helping them build resilience and enable business continuity. The rise of the hybrid work model and promise of technologies such as Industry 4.0, cloud, data analytics, AI, 5G, RPA, etc. are prompting much soul-searching in the Indian businesses.

For long-term resilience and growth, Indian businesses are now looking at complementing traditional methods of business values with new-age technology solutions. Businesses today can no longer operate and thrive in a limited ecosystem with dated methodologies.

Some of the main priorities of those operating in the entrepreneurial ecosystem, especially family-run businesses, are looking at are:

- Expansion and Diversification
- Innovation and Digital Transformation
- Evolution and New Thinking

With the accelerating pace of change, businesses need more agility to build responsiveness to change. Reports show that 86 per cent of family businesses with strong digital capabilities improve decision-making capabilities owing to reliable and timely information/data access. 71 per cent can change course at short notice.

Digital transformation and developing the capabilities and

systems to leverage new-age technologies are now emerging as strategic capabilities to drive competitiveness in a tight global market. Entrepreneurs across industries are now looking at strengthening the digital infrastructure to capture greater opportunities.

the telecom sector plays a crucial role in driving India's digital journey and giving the entrepreneurial ecosystem the new-age haul that it needs. The Telecom sector is poised to leverage technologies such as virtualization, the Internet of Things (IoT), Artificial Intelligence (AI), and Blockchain to automate networks and drive growth by enabling MSMEs to build a digital infrastructure.

Vi Business has been on the path of delivering digital enablement to MSMEs, family businesses, and new-age start-ups. With the right partnerships with technology leaders and innovators to set up digital networks and offer digital solutions, Vi Business enables businesses across sectors and helps them leverage new-age technology applications. We are assisting the Indian entrepreneurs, be they first-time entrepreneurs, MSMEs, or family-run businesses, to meet their digitalization goals. Right from offering digital-first service touch points to end-to-end solutions, our focus is to help businesses every step of the way.

With a clear focus on generating higher value for customers and employees, Vi Business is helping entrepreneurs in India infuse resilience, agility, and cost optimizations into their business operations. The promise is, to help the Indian entrepreneur keep marching ahead.



## Believe In Yourself & Everyone Will Follow Suit

**Dipali Goenka**

CEO & Joint Managing Director of Welspun India Ltd



Women are multitaskers, but in India, men need to start taking up more responsibilities in the daily affairs of the household to support women's entrepreneurship.

### Women entrepreneurs should have a belief in their abilities to conquer the world of Business.

Entrepreneurship is a passionate journey of combining your vision with your abilities wherein confidence acts as the key catalyst. Women entrepreneurs should take correct decisions with conviction and take necessary action to accomplish them. Multiple challenges have come

to the fore in the last few years for businesses but so have the opportunities. The number of unicorns that have emerged recently is inspiring and will open doors for more success stories in the future.

The pandemic and lockdown had a huge impact on the female workforce around the globe, be it in terms of job losses (approx 54 million) or as entrepreneurs (approx 87 per cent), which widened gender inequalities and impacted the economy

adversely. At Welspun, we have formulated a dedicated program – 'Women of Welspun' to provide an environment of growth and opportunities for our women employees, institutionalizing progressive policies that actively help women to reach desired positions.

It is commendable that women want to make their presence felt, irrespective of the challenges and prejudices steeped against them. 25 per cent of our workforce comprises women. We celebrate diversity and equality right from our shop floor to the senior management. Even policies that are being introduced in the boardroom and our corporate side of operations are conducive for women.

As it stands today, India has 432 million working-age women, out of which 13.5 –15.7 million women-owned businesses, mostly MSME owners, provide direct employment to 22–27 million people. According to a joint report by Bain and Company & Google, more than 30 million

women-owned businesses are expected to create 150–170 million jobs by 2030.

The first challenge a woman faces is a lack of support from her family and friends. Women are multitaskers, but in India, men need to start taking up more responsibilities in the daily affairs of the household to support women's entrepreneurship. In our country, the primary buyer of home textile are women, but still, the industry is dominated by males. Women deserve respect as equal contributors, and we are building this into our culture now.

Women entrepreneurs can be seen on the rise across Tier -2

and Tier -3 cities, where they have even taken over traditional retail businesses. While they have a strong presence in manufacturing, agriculture and textiles sectors, they are also taking to banking, tech, health, sports, hospitality, tourism and even, the latest cryptocurrency and blockchain. India is poised to become a USD 5 trillion economy soon with women entering the work demographic.

More women entrepreneurs are coming to the fore and holding leadership positions than ever before. However, the fight for gender equality and overcoming workplace perceptions are far

from over. A survey by KPMG found that 43 per cent of women entrepreneurs are willing to take more risks, which explains why they've been unfazed by the prejudice in the market against their gender.

The Indian women entrepreneurs are rising to the challenge, facing them head-on. It won't be long before this revolution will start creating more female-oriented business success stories. The transformation of India's economic landscape has begun and this time, women will be standing right at the helm along with their male counterparts!



## Entrepreneurial Skills for the Modern Era

**Vivek Atray ex IAS**

Chairman, North Region Council for Policy Advocacy Initiatives, Former Director, Tourism & Industry, Govt of Haryana



An ability to visualize future trends without being rattled by seemingly unseemly foggiess and dark times will be a vital ingredient of success for the entrepreneur of tomorrow.

The post-pandemic era is well upon us but the learnings of the forced global lockdowns will continue to be invaluable in the decades to come. One of the most compelling findings of analysts who have gone into the repercussions of the pandemic is that the human mind has become more fragile and insecure. Long months of being restricted by Covid norms and drastic changes in the mode of life and work have led to rethinking the skills

required to succeed in current times.

Entrepreneurs in particular have to win the battle of the mind in order to flourish in this era of increased stress and tension which are the result of myriad trends and frenzied pursuit of materialistic goals.

Past skills relating to traditional toughness and resilience are still valid but the ability to inspire colleagues and rise above firefighting tendencies is vital.

The discerning, insightful and mentally strong individual will be able to sail through all kinds of crises and surge ahead.

A case in point is the e-commerce websites which today are indispensable and are 'rocking' in many ways. When the so-called dot-com boom went bust two decades ago, such internet-based businesses were written off as no-hopers. The owners of those path-breaking early internet companies may have digressed into other activities, but today's e-commerce companies are the real rockstars of the era.

An ability to visualize future trends without being rattled by seemingly unseemly foggiess and dark times will be a vital ingredient of success for the entrepreneur of tomorrow. Unforeseen shocks like the pandemic-enforced hiatus of two years during which several sectors of the economy suffered are not regular occurrences and cannot be planned for. But most successful entrepreneurs will have factored in all expected

or possible adversities in their ecosystem before navigating their routes towards growth and progress. Rising above day-to-day pettiness and decluttering the mind is thus the real skill that the modern entrepreneur needs in order to sparkle and shine.

Recognising key personnel for their true acumen and worth is

another equally vital skill that a young start-up's young CEO needs to possess and display. People are even today the key to the success of any organization. Resources and infrastructure are not game-changers. Innovation by forward-thinking and industrious individuals is always the clincher in the race towards excellence and success.

The successful start-up leader will do well to spend time on self-development and focus on body, mind and soul. Meditation and physical fitness are equally important.

All in all, the champion entrepreneur of the future will be the one who wins inner battles and not necessarily outer conquests.





## Why Entrepreneurship needs institutional support to emerge as an Economic Engine and Nationwide Employment Generator

**Avinash Pandey**

Chairman, ASSOCHAM National Council on Media & Entertainment and CEO, ABP Network



For many Indians, doing business has been ingrained in their psyche since it allows them to be masters of their destiny earning revenues rather than employees drawing salaries.

Over millennia, India has prospered thanks to its entrepreneurial ethos. For many Indians, doing business has been ingrained in their psyche since it allows them to be masters of their destiny earning revenues rather than employees drawing salaries.

The same mindset is apparent in the Prime Minister's clarion call to Indians that they should aspire to

become job creators rather than job seekers. Without a doubt, the entrepreneurial spirit keeps the economy humming by generating millions of jobs, even in rural regions.

### Big Contributions of Small Enterprises

In this context, the role of small enterprises, particularly MSMEs, needs to be lauded. While almost all big businesses seek skilled

or highly-skilled workers, small enterprises are receptive to hiring people with minimal skills and limited education qualifications. They are also keen on employing locals, thereby providing jobs to regional communities and promoting the inclusive development agenda.

Millions of employment opportunities at the micro level have a huge impact at a macro level, giving a fillip to national development and societal growth. Small enterprises also augment the supply chains of big businesses by undertaking jobs on a contract basis that help in rationalising costs and providing products at more affordable prices.

Considering these benefits, entrepreneurship and the profit motive should be encouraged rather than be perceived negatively. Without prosperous businesses, societal transformation and human welfare won't progress. This

is why the Central and State Governments need to support these entrepreneurs, which are one of the best avenues for promoting employment and entrepreneurial opportunities.

As per the MSME Ministry's statistics, India has 63.3 million small enterprises, which contribute to approximately 30 per cent of the nation's nominal GDP as well as 48 per cent of its exports. (Source: Livemint) Going by conservative estimates, MSMEs have provided 111 million jobs. (Source: India spend) With a 33 per cent share in manufacturing output, around 50 per cent of MSMEs work in rural regions, accounting for 45 per cent of the overall employment.

Acknowledging the role of these businesses in large-scale employment generation, GDP growth and exports, the Centre has introduced a portal, Udyam Registration, permitting automatic integration with GST and income tax databases to ensure the ease of doing business. Due to the disruptions and devastation during the pandemic, most small enterprises were badly impacted. Consequently, the Centre introduced several schemes supporting the segment. Among others, these include the ₹ 3 lakh crore Emergency Credit Line Guarantee Scheme offering collateral-free automatic loans for businesses.

### Media & Entertainment and the Spirit of Entrepreneurship

But businesses can't operate in an isolated work cycle. To facilitate

better business prospects, proper knowledge and understanding of regional and national news/events are imperative. In advancing robust trade and business outcomes, one must not overlook the role of the media and entertainment (M&E) industry, which plays a pivotal part in informing people about the latest happenings.

Not surprisingly, India hosts the world's fifth-largest M&E market. (Invest India) The various avenues for audiences across demographics to consume media include TV, films, OOH (out-of-home), radio, VFX (visual effects), gaming, music, live events, digital advertising, filmed entertainment and print. Presently pegged at US\$28 billion, the Ministry of Information and Broadcasting states that the M&E industry is slated to touch US\$100 billion by 2030, growing at a CAGR of 12 per cent. (Source: Business Standard) By 2025, TV households are expected to cross 71 per cent of the total Indian households, growing at more than 5 per cent annually.

The Central Government has been taking numerous initiatives to support the M&E sector. These include digitalising the cable distribution segment to attract more institutional funding, enhancing the FDI limit to 100 per cent from 74 per cent in cable and DTH satellite platforms as well as according to industry status to the film segment for ensuring easy access to organised finance. Meanwhile, one hopes more measures are undertaken to boost the M&E industry since the pandemic has badly hit almost all companies.

### The Importance of Infrastructure Growth

To promote any kind of business, the significance of infrastructure growth has to be emphasised. Let's not forget that the incredible success of America in emerging as a world power was not only due to its entrepreneurial spirit but because of the tremendous infrastructure growth, which mushroomed around its railroads. As railroads expanded in the US, they brought even remote regions into its national market economy. The soaring industrial growth subsequently transformed American society.

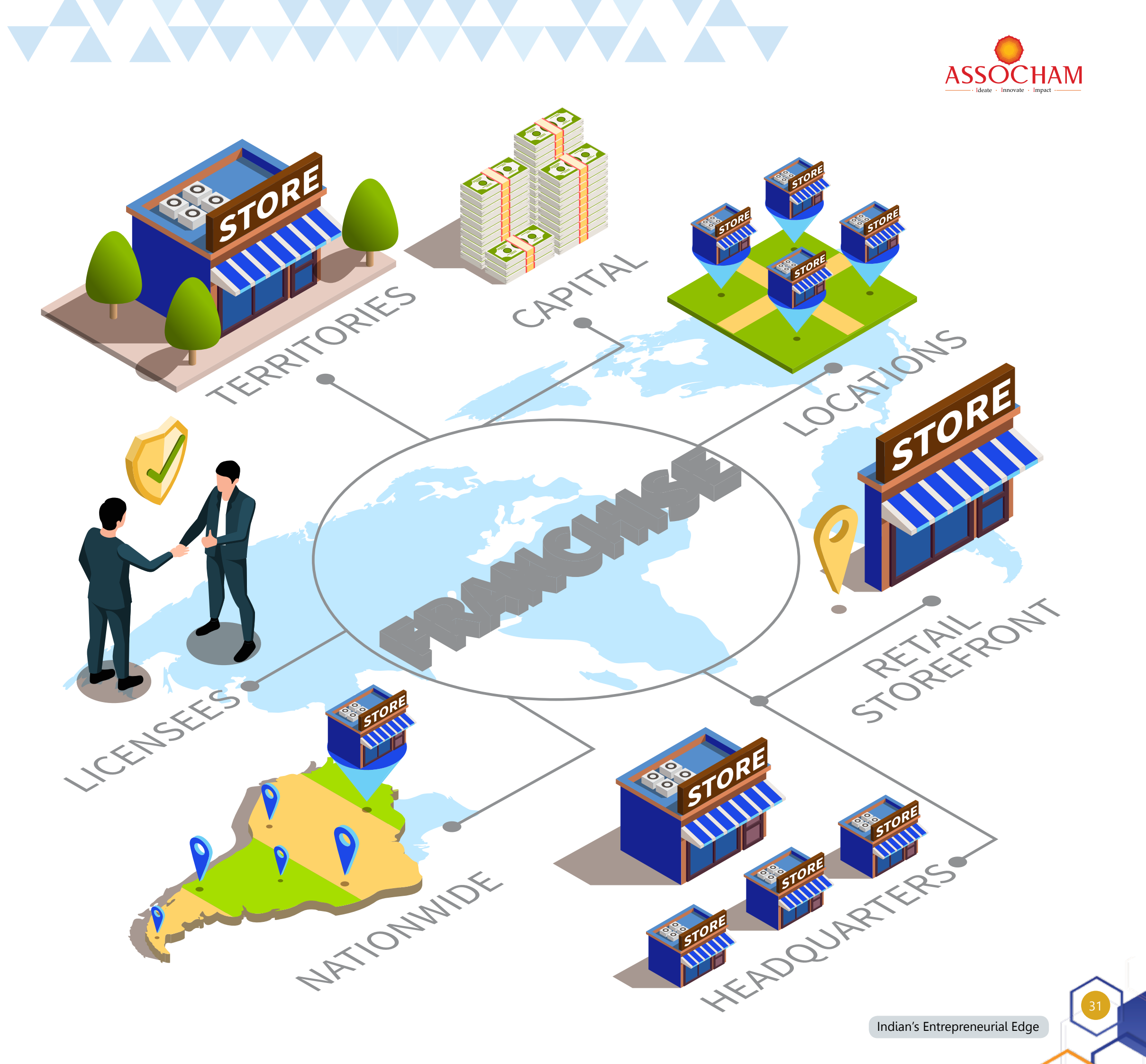
By the 1950s, America had emerged as a global superpower. With paradigm breakthroughs in science, technology and other domains, the United States put the first humans on the moon. Thereafter, American innovations led to the creation of the Internet, the rise of artificial intelligence and more, forever transforming the world. None of this would have been possible without their diehard spirit of innovation and entrepreneurship.

The Indian people too are at an inflection point, driven by the Central Government's steady push for infrastructure development. Yet, more needs to be done so that individuals and institutions across India can surmount the lingering coronavirus-linked constraints that continue to impact small and big businesses pan-India. Considering the intrinsic hurdles in launching a business in India, institutional intervention and

support are essential to handhold most enterprises during their formative years.

Today, start-ups are instrumental in creating more jobs in diverse domains. But because of ongoing geopolitical and economic headwinds, many start-ups and small enterprises as well as M&E entities are struggling for survival. While efforts to help these segments are continuing, such measures should be sustained over the long haul to ensure economic progress and prosperity for all sections of society.

Among others, the steps should cover the ease of doing business, facilitating institutional investments, including FDI, and ascertaining easier financing options while improving market liquidity. As India aims to emerge as a US\$5 trillion economy, such steps remain indispensable in supporting small enterprises and entrepreneurs, who will hold a key role in achieving this mission.





# The Booming Start-UP Ecosystem in India

**Jaimin Shah**

Co-Chairman, ASSOCHAM Gujarat Council and CEO & MD  
Dev Information Technology Limited.



The 'Make in India' strategy further pushed the spirit of local entrepreneurship, making it easier for entrepreneurs to operate in India. The timely intervention of this policy strengthened the country's manufacturing infrastructure by facilitating investment.

India is now becoming a hub for start-ups over the recent years due to high growth rates and other factors. Many entrepreneurs like to invest in information technology, finance, software, and other sectors. The number is likely to increase in the future due to the availability of high Manpower and government policies. Start-ups offer several job opportunities for job seekers who want to start their careers with the best salaries. A

decade ago, entrepreneurship was primarily limited to family-run businesses, but the system has favourably transformed to promote new-generation enterprises and start-ups. Today, India is indeed the 'Land of Rising Entrepreneurship' with 76 million entrepreneurs, contributing to the economic growth of the country. Entrepreneurs across micro, small, and medium enterprises (MSME) have proven to be the drivers of business development. The 'Make in India'

strategy further pushed the spirit of local entrepreneurship, making it easier for entrepreneurs to operate in India. The timely intervention of this policy strengthened the country's manufacturing infrastructure by facilitating investment and fostering innovation to build a sustainable system. This resulted in raising the confidence amongst the entrepreneurs and rendering Indian MSMEs to be competitive, globally. Through the Make in India initiative, the Indian manufacturing sector is expected to contribute an increased GDP of 25% by 2025. This strategy also assures advanced processes and technological advancements to help businesses deliver a quality product through the "Zero Defect, Zero Effect" approach. The consistent increase in local entrepreneurship has further strengthened India's economy, ensuring its potential to achieve \$5 trillion economic value by 2025, making India one of the leading economies in the world.

## Few Reasons why the start-up ecosystem is booming in India

**Emerging markets:** The market is emerging in India due to the IT revolution and technological development. It is one of the fastest-growing economies in the world because every niche product has the potential to sell in the markets. Not only is the income and purchasing power of people increasing steadily made start-ups set up their facilities in India. Moreover, the youth population is becoming high and many of them are below 25 years old. Some even work in leading multinational firms to gain work experience and learn other things, which prompt them to become successful entrepreneurs. As a result, they want to start a business or company with high ambitions.

**Increased political will and Government support:** Various state governments in India encourage new entrepreneurs to launch a company or business easily. They aim at building a strong ecosystem in Indian markets that is suitable for start-ups. Furthermore, start-ups offer different types of jobs for engineering graduates and others that will reduce the unemployment problem. Both central and state governments make great efforts to support the growth of start-ups in India, which will boost the economy.

**Technological innovations:** Technologies are growing rapidly every day which reduced the cost of building digital products and other things. As

the number of internet users is increasing in India, people are well aware of everything with ease. Moreover, R&D facilities in India allow new entrepreneurs to start their companies in special economic zones to get more concessions. They even show ways to launch the operations with the latest innovations in a better environment. Despite good growth in the start-up ecosystem, there are still a few challenges faced by Indian start-ups like.

## Hiring qualified employees

Hiring qualified employees may become a challenging job for many start-ups because some job seekers do not prefer them due to their low salaries. Besides that, they cannot compete with the compensation offered by the big companies in the markets. A majority of employees who work in start-ups will switch over to reputed firms to earn more income. A second reason is many job seekers do not have sufficient skills when it comes to work and other things. The third reason is highly qualified employees will move abroad for jobs.

## Funding

Funding is one of the major problems faced by start-ups in India because it will take days and months to process an application. Banks need collateral documents when they want to offer loans to start-up owners. The chances of getting immediate funds are very low in India which will jeopardize the operations.

## Lack of marketing strategies

Lack of marketing strategies is one of the main issues faced by Indian start-ups due to cultural differences. They do not know how to target them geographically while promoting a product or service. This, in turn, results in losses and other problems that will affect the growth of a business. Big companies have already entered the Indian markets to sell their products and service to customers. As a result, start-ups are not able to compete with them, which results in survival problems.



# The thriving Start-up Culture and Ecosystem

**Chitra K Iyer**

Philips Intellectual Property & Standards, Royal Philips



The start-up sector however is not only about the success of individual companies financially but is also about uplifting society as a whole. Of the 41,317 Start-ups recognized by DPIIT, about 44% have at least one woman director.

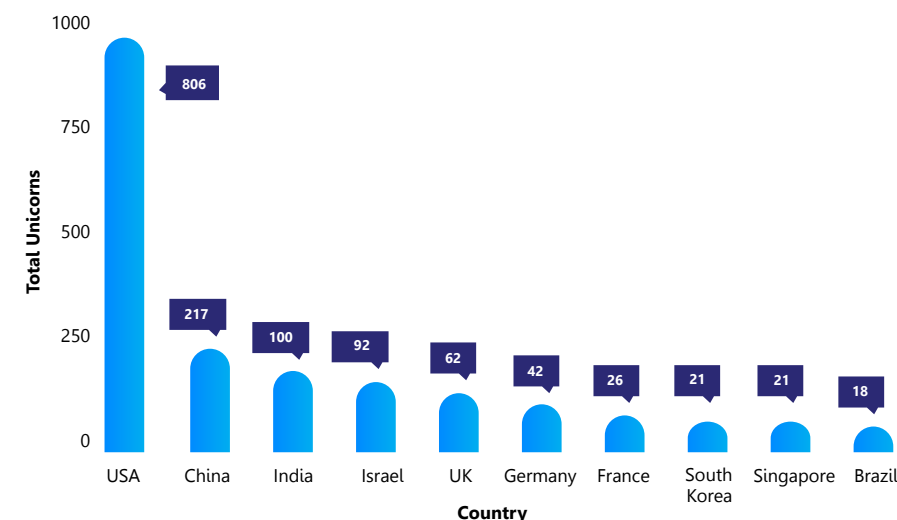
first unicorn was born in 2011 and we have certainly come a long way since then. 100 Indian Start-ups entered the unicorn Club In 2022 (a unicorn is a privately held start-up with a valuation of over 1 billion \$). For reference, there are around 1000 unicorn companies across the

There are over 2 lakh start-ups registered in the start-up India portal, but the real success of these companies would be measured in terms of how soon and to what extent these companies are able to scale up and make their ventures commercially successful. Success could of course be defined by several parameters such as return on investments, sustainability, employment generated, customer satisfaction, scalability, etc. India's



globe as per a recent estimate. Of this, as per the available data, the US has an estimated 806 and

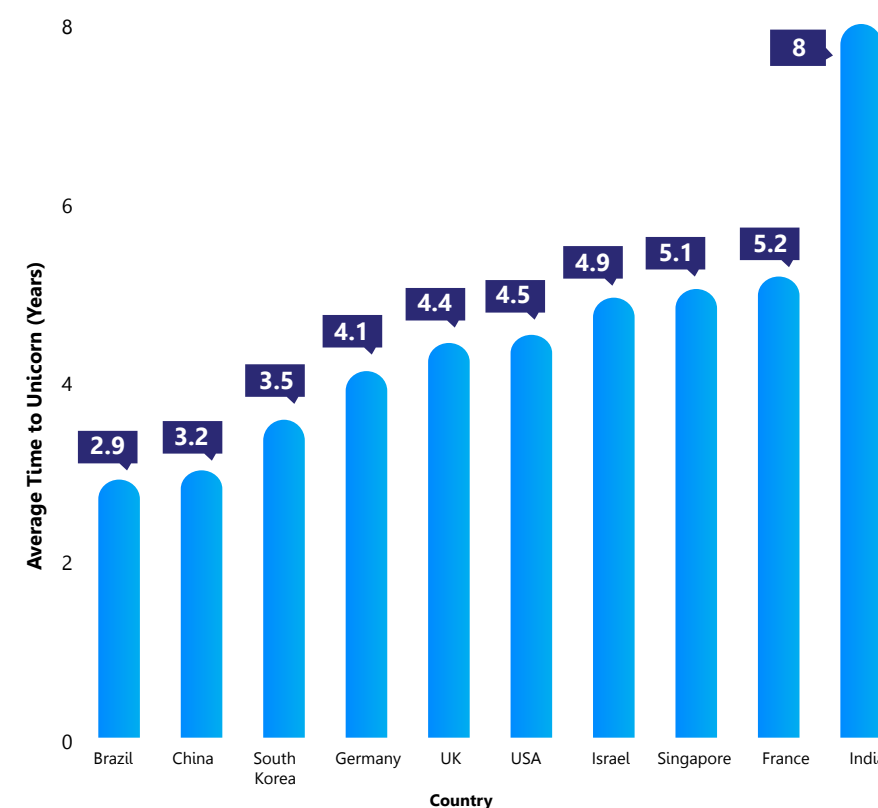
China around 217 as of May 2022. Israel follows closely with about 92 unicorns.



Source: Inc42 and CB Insights

Historically, India is considered a world leader when it comes to average funding raised by unicorns. However, it is also considered to lag behind when

it comes to the time taken to become a unicorn (Mensa Brands, which took about 6 months to become a unicorn is



Source: Inc42 and CB Insights

an exception). The graph below gives an indication of the relative time taken by Indian start-ups to attain the unicorn status in relation to those of other countries which is 8 years and probably the highest in terms of time taken.

The government impetus and incentives have certainly helped many companies to reach the unicorn status in India. Just since the beginning of 2021, around 58 companies have attained the status (despite high instances of Covid 19 infections in the country). This is commendable and is also indicative that the efforts put in place by the government to facilitate these initiatives are starting to bear fruits. The support provided by the Indian government includes ease of procurement, tax incentives, support for IP filings, regulatory aspects, etc.

The start-up sector however is not only about the success of individual companies financially but is also about uplifting society as a whole. Of the 41,317 Start-ups recognized by DPIIT, about 44 per cent have at least one woman director. This is a huge consideration for our growth in diversity aspects. These start-ups also provide employment to about 4.7 lakh individuals (an average of 12 jobs per start-up) leading to an ecosystem that leads to greater sustainability and growth of the nation in technological as well as economic aspects. India has already set the stage for success, and we hope the coming years will bear testimony to the efforts being put in by all concerned.



# Focusing On Entrepreneurship Development

## Kulwin Seehra

Co-Chair, ASSOCHAM NRDC, & Executive Director, GNA Axles



Entrepreneurs are a different breed of people, they have a belief and they trust their product or service with a will to put everything up for stake of whatever they have.

No matter how much formal education you have, or how much experience you have. Entrepreneurship is something unique and from within. Entrepreneurs are a different breed of people, they have a belief and they trust their product or service with a will to put everything up for stake of whatever they have. There is no definite formula for this, neither it is taught in schools. It is only defined and examples are shared

as stories, articles, case studies, etc.

Today we are experiencing a high level of inflow of entrepreneurs in the market. It is a great sign for the economy, as it depicts the favorable conditions in the regulatory system. Schools are inspiring young children to start early with practical projects in real life, so that, they get to experience the fruit or failure at a young age, learn from their

mistakes and move on much more inspired and stronger.

The scenario today is really encouraging, there is even more potential in it. New startups are coming up, growing into unicorns, besides that we have also experienced an uptick in the IPOs from established companies. These are signs of a healthy market and a progressing ecosystem.

The acceptance of startups as a catalyst to the growth of the economy has encouraged not only foreign but also domestic investors to allocate capital to new-age companies. As well-funded companies from the previous decade are entering a new phase of growth, they're generating legions of seasoned entrepreneurs and professionals starting up again with increasing maturity and resilience. Having built highly scalable businesses before, these entrepreneurs have new and innovative approaches

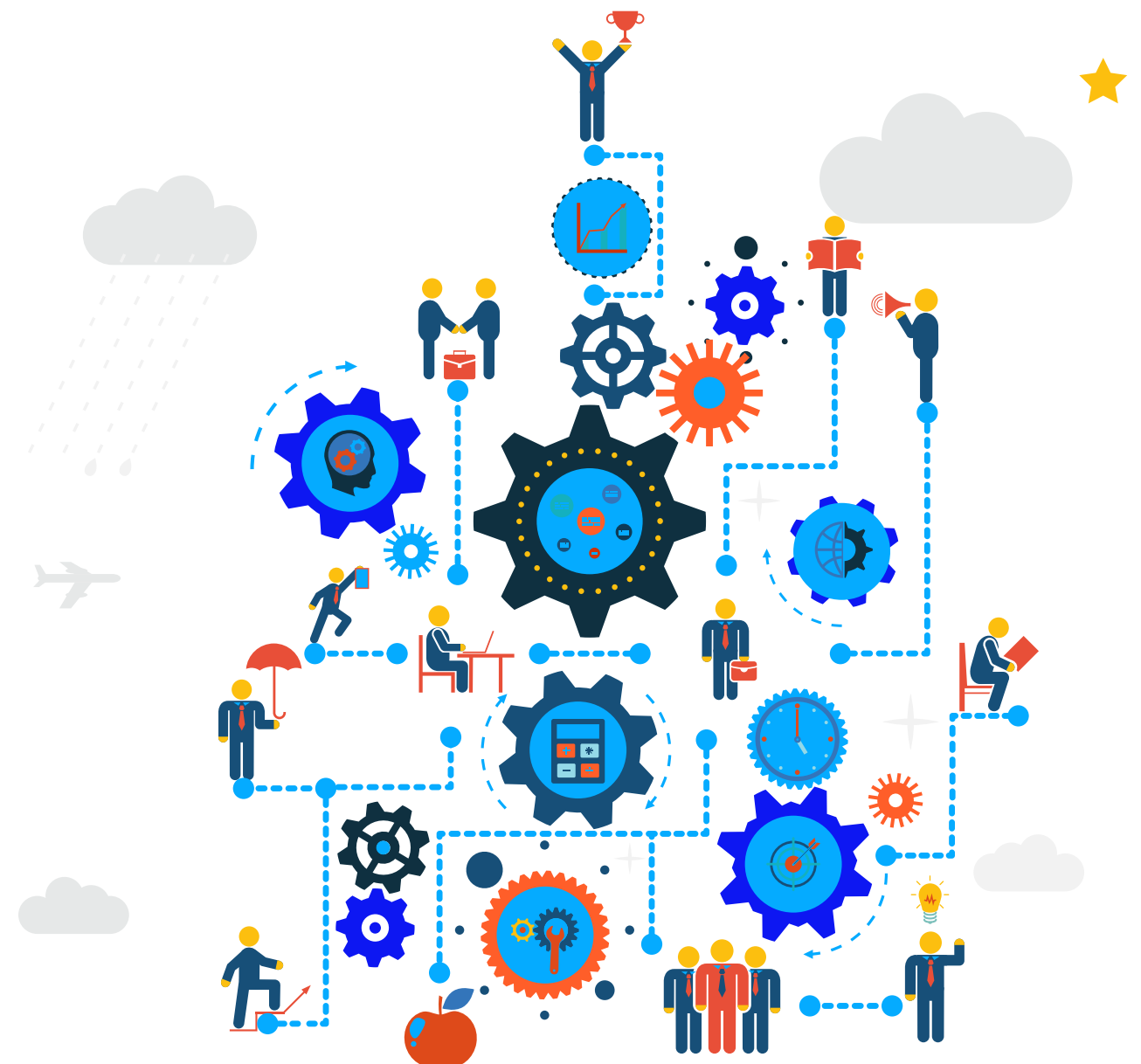
to building ventures and are able to grow at a pace much faster than their predecessors.

As the investment cycle strengthens, foreign businesses can invest in India independently or through partnerships. The businesses factor the political, economic, and family risks in their analysis. From an academic's perspective, the businesses can either decrease the expected cash flows or increase the discount rate to reflect risk premium,

though the adjustments are complex.

We at ASSOCHAM North Region Development Council are committed towards hand-holding aspiring start-ups and build a robust entrepreneurial eco-system in northern states and UTs. We recently engaged with the state governments and UT administrations in North and submitted our recommendations for setting-up government

supported Entrepreneurship Development Centers, which will ensure industry and funding linkages for start-ups, than just being plug-&-play co-working spaces. National Industry bodies like ASSOCHAM can bridge the gap between the new start-ups and established industry leaders, ASSOCHAM can also sensitize government decision makers and help them in policy making that is favourable for start-ups and support from them start to exit.



# The decade for entrepreneurship in India

**Ramgopal Subramani**

Co-Chairperson, ASSOCHAM Fintech Council and COO, Perfios Software Solutions Pvt. Ltd.



Hats off to the citizen of India, the various government programs over the last 15 years and most importantly the acceptance of entrepreneurship in the society especially amongst the middle class.

As started reflecting on the future of entrepreneurship in India on a late Sunday afternoon, what struck me is how far have we come in making the environment so conducive for people to walk down this path. Hats off to the citizen of India, the various government programs over the last 15 years and most importantly the acceptance of entrepreneurship in the society especially amongst the middle class.

A couple of my much younger colleagues Rachit and Swaroop have run their own enterprise before being impacted by COVID and they decide to work with us. I thought who better than them to understand their vision of the future of entrepreneurship – they are young, fearless and will definitely build something of their own one-day soon.

Here is an abstract of my conversation with them about where we are:

- In the last few years, the Government of India has done amazing well to drive the entrepreneurship culture through the Start-up India program, Skill India, Make In India and Digital India program, where more than 65000 registered entities operate today.
- Today, mall businesses contribute to nearly 60 per cent of jobs, 48 per cent of exports & 30 per cent of GDP, this trend needs to continue, and we need to strengthen and make it easier for businesses to operate.
- Solopreneurs are increasing in numbers with social media (Youtube, Instagram etc.,) being their storefront and this was one of the silver linings of COVID, that made it acceptable for businesses to operate from anywhere and be consumed anywhere, even movies have been developed and delivered from your home, which was not imaginable even 3 years ago

We discussed what are challenges and solutions that will make our future brighter and some of them are listed below:

- Most entrepreneurs and solopreneurs have challenges in setting up different functions of the business whether it is HR, Finance, Procurement challenges, Legal, Compliance and many more. GOI has done a wonderful job of streamlining procurement by Govt through the GEM platform. Can a similar platform be created for entrepreneurs which provides these services out of the box so entrepreneurs can focus on building their products and selling them?
- Entrepreneurship is all about taking risks, solving a problem and generating income for self and others, not all enterprises succeed, Celebrating All Entrepreneurs is celebrating our fearlessness, which by itself is important learning
- We have come a long way in our Ease of doing business and as we work towards the No.1 spot – a few areas that need to be addressed such as the closing of business needs to be as easy as opening, funding needs of really small business and solopreneurs continue to be challenging.
- Today, we have more than 40+ types of professional licenses recognized, but the space is expanding fast with new-age internet-ready professions being created – Creating an ecosystem of recognizing these Solopreneurs is important for them to get the right support in terms of funding, claiming benefits etc.

irrespective of the outcome. Hence through right GOI communication, the learnings have to reach industry bodies, society and educational institutions at large, so that we can be better tomorrow.

- The latest National Education Policy is a step in the right direction in addressing the skills gap in our education systems, just as the emphasis has been on vocational skills, the NEP program, especially in college should also focus on basic business skills, so that as our youth starts their own enterprise they are not daunted by these aspects.

While we may be heading towards a period of challenges in the next year or two, often strong, viable businesses are built during difficult times. The entrepreneurship spirit of India and Creating one's own opportunity is now possible for anyone from any part of India including small towns, allowing them to launch a small business that serves local customers or customers anywhere in the world. We are poised for a great future.





# Future of ESG, Accounting & Investment decisions

**Alok Dhir**

Co-Chairman, ASSOCHAM National Council for Asset Reconstruction Companies and Founder & Managing Partner, Dhir & Dhir Associates



When market participants including issuers, investors, underwriters and other bond market participants are to determine whether or not a project may be considered a green project.

The last couple of years has witnessed an increasing demand among the investor community calling for high-quality, transparent and accountable non-financial reporting by companies including ESG (Environmental, Social and Governance) related matters. Post IFRS's COP 26 Commitment in Glasgow in November 2021, the IFRS (International Financial Reporting Standard) Foundation Trustees announced the creation of ISSB

(International Sustainability Standards Board), a reporting Board established to help develop a comprehensive global baseline of sustainability-related standards. The primary objective of the ISSB has been to provide the investor community and other capital market participants with a robust framework that seeks information pertaining to an entity's sustainability and climate-related financial risks and opportunities. The continuous global push around ESG-related reporting and disclosures,

recovery from the cascading effect of the pandemic and the need for regulatory reforms at a global level spurred the urgency to design a dedicated standard focused on obtaining relevant information and disclosures on sustainability and climate-related financial performance of an entity.

## Announcement of the IFRS Sustainability Disclosure Standards

On 31st March 2022, the ISSB published two exposure drafts setting out proposed IFRS Sustainability Disclosure Standards ('Exposure Drafts') –

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information; and
- IFRS S2 Climate-related Disclosures

While the two exposure drafts are made available for public consultation till 29th July, 2022, the same are intended to provide



a more streamlined approach to ESG-related disclosures at a global level across industries. The exposure drafts are accompanied by industry-based disclosure requirements which are formulated in line with the TCFD (Taskforce on Climate-related Financial Disclosures) recommendations and tailored to industry classification derived from SASB (Sustainability Accounting Standards Board) framework. ISSB intends also to integrate other existing initiatives of CDSB (Climate Disclosure Standards Board), the Task Force for Climate-related Financial Disclosures (TCFD), the Value Reporting Foundation's IR (Integrated Reporting) Framework and the World Economic Forum's Stakeholder Capitalism Metrics. The provisions thereunder, seek information pertaining to certain

sustainability and climate-related topics & metrics which have been taken into account to map an entity's efforts towards relevant disclosure requirements. The exposure drafts set out the overall requirements for entities to disclose material information pertaining to significant risks and opportunities associated with sustainability and climate.

## Summary of the Requirements under the Proposed Exposure Drafts

The information sought under the exposure drafts is designed to enable primary users to assess the enterprise value which also reflects the way an entity operates while capturing parameters like governance, strategy, management, etc. Furthermore, the draft seeks

to derive information that is supported by interlinkages between sustainability-related disclosures and financial reporting. In order to align with the IFRS Sustainability Disclosure Standards, the reporting entity will be required to meet all the requirements prescribed thereunder. An entity reporting against the parameters set out under the exposure drafts will be required to report its sustainability and climate-related financial disclosures at the same time as its financial reporting.

## IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

The objective of this exposure draft is to require entities to

disclose information pertaining to significant sustainability-related risks and opportunities relevant to market players when assessing the enterprise value. A comprehensive sustainability-related financial information as per the exposure draft shall include the governance structure of the entity and the strategy devised to address sustainability-related financial matters. It further seeks information on the entity's performance and response undertaken in relation to the planet, people and the economy. An entity shall further be required to share a comparative of its progress from the previous year on related disclosure metrics. As part of the IFRS Climate-related Disclosure Standard, an entity is required to provide industry-based information relating to significant climate-related risks and opportunities.

### IFRS S2 Climate-related Disclosures

The objective of this exposure draft is to access the level of impact that climate-related risks and opportunities have on the entity's value. It further requires information on the entity's use of resources, activities that result in climate-related risks and the strategy devised thereunder to manage such climate-related risks and opportunities. The draft further enables evaluation of the entity's ability to plan and manage its operations while aligning with climate-related disclosures.

### Status of Green Products Investments:

Currently, the Green Investments are mostly following the EU

Taxonomy Rules which are fairly matured and the same gets coupled primarily with Financial Sustainability disclosures as per SASB, TCFD, IR and CDSB.

When market participants including issuers, investors, underwriters and other bond market participants are to determine whether or not a project may be considered a green project, these participants may evaluate the classifications against one or more of the five high-level environmental objectives as set out under the EU Taxonomy Regulations

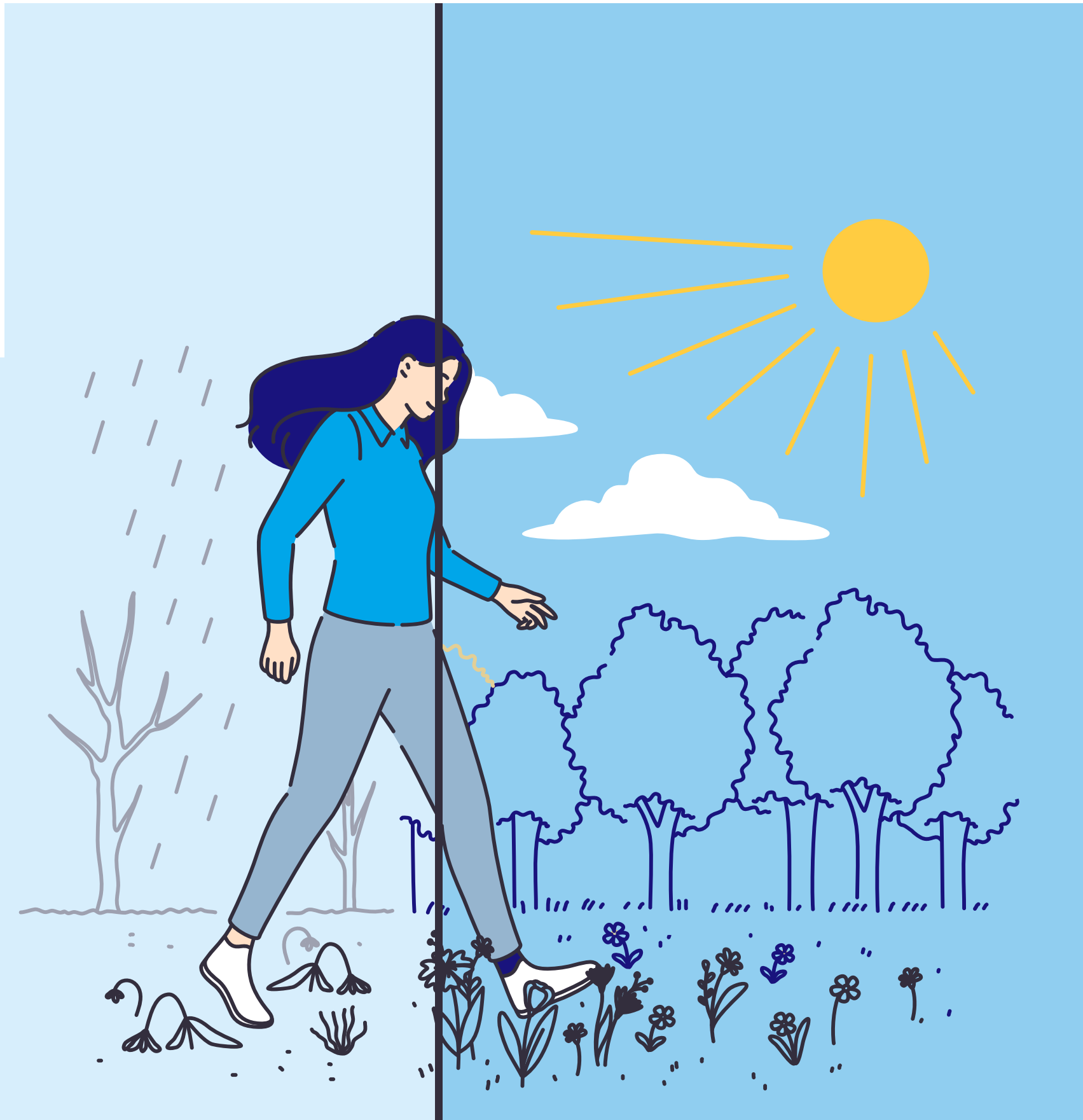
- i. Climate Change Mitigation;
- ii. Climate Change Adaptation;
- iii. Natural Resource Conservation;
- iv. Biodiversity Conservation; and
- v. Pollution Prevention and Control

The chart below gives a significant perspective of the green products in the financial Markets currently.

### Conclusion

After due consideration of the two exposure drafts, it is evident that the information requirements are formulated to enable the assessment of an entity's value based on its sustainability and climate-related financial disclosures. The proposed drafts have been designed to support the information needs of the capital market players and the investor community. The purpose has been to take into account existing frameworks and accordingly provide a holistic approach, whereby the

sustainability and climate-related disclosures are standardized as a global baseline requirement. All comments and suggestions on the exposure drafts are to be made by 29th July, 2022, which will then be reviewed by the ISSB. With changes proposed by IFRS, soon the heterogeneity aspect in ESG impact measurement can be addressed significantly. We could see other accounting bodies like India's ICAI also spring into action soon.





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## NOTES

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