Indian Entrepreneurship

Today, India currently has more than 48 million small businesses, double the number of small companies here in the U.S. (23 million). According to a report by Business Today (India). Breakdowns among the top industries are as follows.
Retail (except motor vehicles): 40%
Clothing manufacturing: 8.75%
Food & Beverage: 7%
Services: 6.2%
Auto (sales, maintenance, repairs): 3.6%
Furniture: 3.2%

According to Indian government data, Micro, Small and Medium Enterprises (MSME) contribute nearly 8 percent of the country's GDP, 45 percent of the manufacturing output, and 40 percent of the country's total exports. Small businesses in India create 1.3 million jobs every year and provide the largest share of employment after agriculture. They play a significant role in the country's GDP.

About 15,000 small business owners have registered with eBay India to export their products globally, and these exporters now comprise a third of sellers on the platform. It is estimated that a product listed by an Indian seller is sold in the international market through eBay India every 10 seconds.

President Obama became the first U.S. President to visit India twice while in office when he flew to Delhi to attend the annual January 26th celebration of India's constitution. He has now met several times with Prime Minister Narendra Modi, one of the few world leaders with whom he seems to have a cordial relationship.

Mr. Modi is a big proponent of small business growth. He has encouraged entrepreneurs to improve the quality of their products in order to better compete in the global e-commerce marketplace.

Some businesses have experienced difficulty in raising capital, and India must loosen some of its strict regulatory practices. Access to credit the most critical growth driver for any growing company, yet most Indian entrepreneurs start out with minimal capital, which hurts their potential. The lack of easy financing stagnates growth of small companies.

However, a growing entrepreneurship culture, a supportive new proactive government, and the growing availability of financing, India, the world's biggest democracy, is poised for robust economic times. Biz2Credit has seen growing interest in the small business lending sector in recent months and optimism is growing, thanks to a new, pro-business government.

Startups cannot operate in a vacuum, they need a supporting eco-system to nurture them. Entrepreneurs have been setting up businesses in India since kingdom come. It is no secret that these entrepreneurs have originated from a dominant caste. How did this community sustain entrepreneurship over the ages? By developing a sustainable eco-system that matched the needs of traditional businesses.

The core of this ecosystem is the incubation facility within the business that enabled the next generation entrepreneur to dabble in incremental innovation, funded by angel funding drawn from the surplus generated by the cash cow of the business. Prototypes were developed and test marketed through access to vendors and distributors and the sales force. Timely customer feedback on the prototype led to building the minimum viable product and the soft market launch. Business mentoring from the experienced elders substituted for any classroom learning.

The mindset of the community was that business was a 'dhandha' , (living), requiring hands-on exposure which was more useful than classroom-based 'Higher Education', that 'jugaad' (improvisation), substituted for frugal innovation, backed up by the belief that, no matter what business, profits could be extracted by the sleight-of-hand expertise of the chartered accountant.

Those from non-business communities lacked the vital eco-system for creating a startup. Education, particularly technical education, drew them as a means for joining 'service' and pursuing a rising career which they considered superior to dhandha.

The two professions ran their own divergent paths with their own benchmarks for success. So from the surnames, chances were, you could determine that Birla was, and Bhattacharya was not, in business.

However, the emergence of technology as the key driver of a venture and the consequent necessity of professional education for new venture creation has forever botched up the age-old divergence in mindset. Leading the tech charge has been Information Technology which required the founding team to have computer science graduates. Imagine the doyen of IT entrepreneurs, Narayanamurthi laid out on a gaddi peering at the chaupadi to compute the daily P/L for Infosys! Moreover, these technology based new age businesses qualified as ventures and not dhandha in the minds of first generation entrepreneurs from the non-business community and so were acceptable.

Along with technology came the professional network or eco-system – with substantial support from US-based NRIs. Truly, it was the impact of Indians in America that gave the lie to the deeply held belief in traditional India that entrepreneurs were born – in a certain community. Indians in the USA, irrespective of their surnames, pursued knowledge-based new venture creation with vigor and succeeded with support from the eco-system. Over the past couple of decades an equivalent eco-system has been getting in place in the country for the new age ventures starting with the well-intentioned mentor and gradually extending to growth stage investors who are the Venture Capitalists and Private Equity players, and not excluding the markets – from US based customers for the IT ventures right down to Tier 3 city based consumers for the e-commerce ventures!

E-Cells in Engineering colleges has been influential in triggering awareness, interest, desire, and action toward entrepreneurship among students from non-business communities, as our college has named **KLE CTIE**(Center for Technology and Entrepreneurship) in KLE Technological University .The catalyst for encouraging college managements to set up E-Cells was NEN, the National Entrepreneurship Network, set up by the US-based Wadhwani Foundation. NEN took roots in India through the pioneering role played by the founding members, I I M Ahmedabad, I I T Bombay, SPJIMR, BITS Pilani and IBAB, Bengaluru who designed and delivered courses on New Venture Creation, organized Business Plan Competitions, instituted E-Cells and started Incubation Centers. Over a decade-plus year, the seed sown by NEN has blossomed into a nursery of E-Cells engaged in promoting startups at the college level. Going beyond E-Cells, KLE Technological University has built a reputed Center for Incubation and KLETECH conducts public programs on Start Your Business for aspiring entrepreneurs and Grow Your Business for early growth stage entrepreneurs.

Besides E-Cells, the number of higher education institutions setting up incubation centers is increasing with private players chipping in by rolling out start up accelerators. However, the paucity of experienced mentors and domain experts restricts the effectiveness of these institutions. Entrepreneurship is the youngest academic discipline in India, little more than a decade in existence, leading to a mismatch between the start-up entrepreneurs' need and the availability of faculty and mentor expertise.

Is government doing anything to promote first generation entrepreneurship?
Of course, the primary accountability is to considerably enhance the 'ease of doing business'. That apart, much is expected from the follow-up steps to the Start-Up India initiative launched on 16th January. In a fundamental way, the vision for Start-Up India parallels that of the Green and White Revolutions, which had champions – Dr. Swaminathan and Dr. Kurian - to both sets the vision and execute sustainably at the grass-root level.

So now India generates entrepreneurs from all communities, whether first generation entrepreneurs from non-business communities or next-generation members from traditional family businesses. Truly a remarkable feat achieved in less than 3 decades! Just as the radically transformed attitude towards new venture creation of an I I T or I I M equipped tambram (Tamilian Brahmin) draws appreciation, so does the metamorphosis of a baniya youngster into an I I T and or I I M equipped entrepreneur to elicit praise.

Today's 'new economy'entrepreneurs and their ventures differ from the 'old economy' entrepreneurs and their businesses in several respects.
If asset heavy manufacturing and conventional service businesses characterized by incremental improvements in technology defined the old economy, asset-light, online-based new service ventures characterized by rapidly changing technology represent the new economy.

In place of family-based management teams, the co-founders of the new ventures are 'merit' based, bringing in specific complementary skills. Often, the founding team can be traced to the college dorm where you can assess both competence and compatibility. The skill set required for such ventures is domain and execution-under-pressure, skills.

Ten percent annual business growth has been substituted by ten percent monthly growth. New generation entrepreneurs do not build ventures for the life-long association. They are reconciled to winding up when the funding dries up and to exiting from their own venture for business and personal reasons.

The worth of the conventional businesses was based on hard assets, the worth of new age ventures is based on intangible valuation which cannot be mortgaged but can be bartered for equity capital.

Till recently, the business operated on the 'cost plus margin' business model. This suited manufacturing and trading companies with owned assets generating steady growth that is fundable by customer revenues and bank borrowings. Today's ventures have innovative business models with radically different pricing strategies for products or services being offered. Business is funded by raising risk capital based on projections of 'hockey stick' growth while piling up huge losses. Such business model innovations aim to jack up volumes to a level that will ensure business viability at scale in the shortest time possible.

Traditional family business owners accord the highest importance to retaining 100% equity ownership. Loss of ownership is equated with loss of control over the business. The current entrepreneurial generation does not conform to this mindset. Authority is not linked with ownership, effectiveness is the critical factor since rapid growth is the mantra. The founders see themselves as CEO/CXOs accountable to customers and investors who have a significant equity shareholding. Besides, they understand that with valuation inflated through equity dilution a small chunk of a divested pie is bigger than the ownership of the whole pie.

As India begins a new year, media coverage of the entrepreneurial eco-system is not all rosy. Entrepreneurs have begun to face the reality of being abandoned by risk funds, of the managerial challenges of scaling up the startup to Business Plan projections, of pursuing growth that enables the venture to capture value overvaluation.

Statistics are available on the amount of equity capital invested in new ventures but not on the investment in sunk or failed ventures. Point to ponder if India should evolve a more capital efficient method of creating entrepreneurs.

Small- and medium-sized enterprises (SMEs) make sizeable contributions to the economic success of nations. Research concerning the internationalization of SMEs is available in the context of developed economies but less is can be found dealing specifically with the entrepreneurial behavior and international expansion of SMEs in emerging markets such as India. This research extends the literature addressing the relationships surrounding the internationalization of SMEs in India as related to entrepreneurial behavior, firm resources, and commitment to internationalization. Entrepreneurial orientation, a commitment to internationalization, and the ability to leverage human capital influence the international success of Indian SMEs, based on the analysis of data collected from 150 Indian SMEs.

One Person Company in India and its Formation:-

The revolutionary new concept of **One Person Company (OPC)** has been introduced by the Companies Act, 2013. OPC provides a whole new bracket of opportunities for those who look forward to starting their own ventures with a structure of the organized business. OPC will give the StartUpreneur ’s all benefits of a private limited company which categorically means they will have access to credits, bank loans, limited liability, legal protection for business, access to market etc all in the name of a separate legal entity.
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Till recently, if you wanted to set up a private company, you needed at least one other person because the law mandated a minimum of two shareholders. So, for the person wanting to venture alone, the only option was a proprietorship, an onerous task since it is not legally recognized as a separate entity. Now, after the recent concept of OPC in Companies act,2013, there may be hope for the budding entrepreneur. The act that aims to bring in sweeping changes in the corporate world, has also opened the doors for the entrepreneur looking to set up a company all by himself. This has been made possible by bringing in the concept of One Person Company (OPC).

An OPC is incorporated as a private limited company, where there is only one member and prohibition in regard to invitation to the public for subscription of the securities of the company.

The Salient features of an OPC include the following:

- An OPC can be formed under any of below categories :
    - Company limited by shares
    - Company limited by guarantee.
- An OPC is required to give a legal identity by specifying a name under which the activities of the business could be carried on. The words 'One Person Company' should be mentioned below the name of the company, wherever the name is affixed, used or engraved.
- An OPC limited by shares shall comply with the following requirements :
    - Shall have the minimum [paid up capital of INR 1 Lac
    - Restricts the right to transfer its shares
    - Prohibits any invitations to the public to subscribe to the securities of the company.

Make In India

Make in India is a major new national programme of the Government of India designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure in the country. The primary objective of this initiative is to attract investments from across the globe and strengthen India's manufacturing sector. It is being led by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India.

The Make in India programme is very important for the economic growth of India as it aims at utilizing the existing Indian talent base, creating additional employment opportunities and empowering secondary and tertiary sector. The programme also aims at improving India's rank on the Ease of Doing Business index by eliminating the unnecessary laws and regulations,

making bureaucratic processes easier, making the government more transparent, responsive and accountable.
"I want to tell the people of the whole world: Come, make in India. Come and manufacture in India. Go and sell in any country of the world, but manufacture here. We have the skill, talent, discipline and the desire to do something. We want to give the world an opportunity that comes make in India," Prime Minister of India, Mr. Narendra Modi said while introducing the programme in his maiden Independence Day speech from the ramparts of the Red Fort on August 15, 2014. The initiative was formally introduced on September 25, 2014, by Mr. Modi at Vigyan Bhawan, New Delhi, in the presence of business giants from India.

The focus of Make in India programme is on 25 sectors. These include: automobiles, aviation, chemicals, IT & BPM, pharmaceuticals, construction, defence manufacturing, electrical machinery, food processing, textiles and garments, ports, leather, media and entertainment, wellness, mining, tourism and hospitality, railways, automobile components, renewable energy, biotechnology, space, thermal power, roads and highways and electronics systems.

The dedicated website for this initiative (www.makeinindia.com) not only showcases the 25 sectors but also puts focus on the live projects like industrial corridors and policies in the area of foreign direct investment, national manufacturing, intellectual property, and new initiatives. The Investor Facilitation Cell is an integral part of this website, which aims at providing all information/data analysis to investors across sectors.
The Make in India initiative has become the largest and fastest growing government initiative ever with over 2.1 billion global impressions on social media and reached an overall fan base of over 3 million on its Facebook page, according to an official release issued in December 2014. The initiative has been highlighted at key international events. The Make in India programme was the key message on *Brand India* at the Annual Meeting of the World Economic Forum at Davos 2015. The India Lounge, set up by the India Brand Equity Foundation (IBEF) was inspired by the *Make in India* programme. IBEF backed it with a strategic communications campaign to create a brand resonance. *Make in India* is also the theme for India's participation as Partner Country at Hannover Messe 2015 scheduled to be held from April 13-17, 2015.

India has produced many entrepreneurs who mastered their line of business and became very successful. Let's see the list of top most successful entrepreneurs of India who are as follows:

1.DHIRUBHAI AMBANI-RELIANCE

Dhirubhai Ambani also known to call as Dhirajlal Hirachand Ambani (28 December 1932 – 6 July 2002) was the founder of Reliance industries in Mumbai (1966) and now his sons Mr.Mukesh Ambani and Mr. Anil Ambani are chairman and MD of Reliance IndustriesReliance Industries Limited is an Indian conglomerate holding company headquartered in Mumbai, Maharashtra, India. Reliance owns their businesses across India engaged in(Mukesh)telecommunications, energy, natural resources, petrochemicals, retail and textiles business and (Anil)took over the reins of Reliance Group with interests in Telecom, Entertainment, Financial, Power, and Infrastructure. Reliance is the second most profitable company in India and the second-largest publicly traded company in India by market capitalization. The second largest company in India as measured by revenue after the government-controlled Indian and company is ranked 114th on the Fortune Global 500 list of the world's biggest corporations, as of 2014.It contributes approximately 20% of India's total exports and ranked 14th among the Top 250 Global Energy Companies by Platts.

2.RATAN TATA-TATA GROUPS

Ratan N Tata was the Chairman of Tata Sons and holding company of the Tata group, from 1991 till his retirement on December 28, 2012. He was also chairman of the major Tata companies, including Tata Steel, Tata Global Beverages, Tata Teleservices, Tata Consultancy Services, Tata Motors, Tata Power, Tata Chemicals and Indian Hotels. During his tenure, the group's revenues grew manifold that totaling over $100 billion in 2011-12. Many Tata companies have achieved global leadership in their businesses. For instance, Tata Communications is no one international wholesale voice provider and Tata Steel is among the top fifteen best steelmakers. Tata Motors is among the top ten commercial vehicle manufacturers in the world.TCS is the second largest IT services company in the world by market cap and profit and Tata Global Beverages is the second-largest tea company in the world. Tata Chemicals is the world's second-largest manufacturer of soda ash.

3.NARAYANA MURTHY-INFOSYS

Narayana Murthy founder of Infosys on 1981, a global software consulting company headquartered in Bangalore, He served as the CEO of Infosys during 1981 – 2002, as the Chairman and Chief Mentor during 1981 – 2011, As the Chairman Emeritus during August 2011 – May 2013. Under his leadership, Infosys was listed on NASDAQ in 1999. He was listed among the 12th greatest entrepreneurs of our time by the Fortune magazine in 2012. The Economist ranked him among the 10 most-admired global business leaders in 2005. He is ranked among the top 10 of the Financial Times' list of "Business pioneers in technology", published in March 2015. In 2014 and he was ranked 13thamong CNBC's 25 global business leaders who have made maximum impact on society during the last 25 years. He is the first Indian winner of Ernst and

Muhammed Hashim Premji incorporated Western Indian Vegetable Products Ltd in 1945 in the district of Maharashtra. It used to manufacture cooking oil under the brand name Sunflower Vanaspati, and a laundry soap called 787, a by-product of oil manufacture and since 1966 after his death Azim Premji (24 July 1945) is a graduate in Electrical Engineering from Stanford University, the USA has been take charge Wipro Limited. He has diversified $2 million hydrogenated cooking fat company into close to $ 8 billion Revenue IT, BPO and R&D Services organization with a presence in 58 countries that it is today. The overall Wipro group revenues are $ 9 billion. Wipro Ltd is global information technology, consulting and outsourcing company with 170,000 plus workforce serving clients in 175 plus cities across 6 continents and the company posted revenues of $7.7 Billion for the financial year ended Mar 31, 2016.Premji has been recognized by Business Week as one of the Greatest Entrepreneurs for being responsible for Wipro emerging as one of the world's fastest growing companies.

5.ANAND MAHINDRA-MAHINDRA GROUP

Anand Mahindra (born 1 May 1955) is the chairman and managing director of Mahindra Group. His grandfather JC Mahindra co-founded the company in Mumbai, India. Founded as a steel trading company, the Group today has a presence in multiple sectors from agribusiness to aerospace. He is included by Fortune Magazine among the 'World's 50 Greatest Leaders' and featured in the magazine's 2011 listing of Asia's 25 most powerful business people. Anand has also been noted by Forbes (India) as their 'Entrepreneur of the Year' for 2013 and Sustainable Development Leadership Award for The Energy and Resources Institute (TERI) in the year of 2014.

6.SHIVA NADAR-HCL

Shiv Nadar was born in 1945, in Tiruchendur, Tamil Nadu and he started his career at Walchand Group's Cooper Engineering in Pune in 1967. He started HCL later in 1976 with an initial investment of Rs. 187,000 from six founders. In 1980 Shiv Nadar entered into the international market with the commencement of his Far East Computers in Singapore to sell IT hardware.In 1984 Shiv Nadar also started with the development of Personal Computer solutions called Busybee and UNIX platform-based solutions. In the IT hardware business, his company started with an auxiliary called HCL office automation which became India's leader in office solutions. By 1987, HCL earned revenue of 100 crores and was ranked as India's no.1 company early 1998, Nadar had amalgamated his business into five companies – HCL Technologies, HCL Infosystems, HCL Comnet, HCL Perot and NIIT.HCL technologies were made public by Nadar in 1999, at the time of Initial Public Offering, HCL was the second largest IT Company.

7.JAMNALAL BAJAJ AND RAHUL BAJAJ-BAJAJ AUTO

The Bajaj Group is amongst the top 10 business houses in India and its footprint stretches over a wide range of industries, spanning automobiles like two-wheelers and three-wheelers, home appliances, iron and steel, lighting, insurance, finance, and travel. The group's flagship company, it is ranked as the world's fourth largest two- and three- wheeler manufacturer and the Bajaj brand is well-known across several countries. Jamnalal Bajaj, who was the founder of the group, was a close confidant and disciple of Mahatma Gandhi. His son, Kamalnayan Bajaj, then 27, took over the reins of business in 1942. He too was close to Gandhiji and it was only after Independence in 1947, that he was able to give his full attention to the business. Kamalnayan Bajaj not only consolidated the group but also diversified into various manufacturing activities. The present Chairman of the group, Rahul Bajaj, took charge of the business in 1965. Under his leadership, the turnover of the Bajaj Auto the flagship company has gone up from INR.72 million to INR. 120 billion, its product portfolio has expanded and the brand has found a global market. He is one of India's most distinguished business leaders and internationally respected for his business acumen and entrepreneurial spirit.

8.SUNIL MITTAL-BHARATHI ENTERPRISES

Sunil Bharti Mittal is the Founder and Chairman of Bharti Enterprises which has interests in telecom, retail, realty, financial services, agri-products, and renewable energy. Bharti Airtel group of company is the world's third largest global telecommunications company by customer base with over 300 million customers across South Asia and Africa. Sunil is a recipient of the Padma Bhushan, one of India's highest civilian awards and also been awarded the INSEAD Business Leader for the World Award 2011 and the NDTV Profit Business Leadership Award 2011 for "Corporate Conscience". Earlier he received the Global Economy Prize 2009 by The Kiel Institute at Germany and the US-India Business Council also honored him with the 'Global Vision' Award 2008. He has received the GSM Association Chairman's Award for 2008 and also a member of the Academy of Distinguished Entrepreneurs, Babson College, and Wellesley, Massachusetts. He was ranked among the Top 25 Philanthropists in the World in 2009 by the Barron's Magazine.