

How can India unleash its innovation and entrepreneurship potential?

The world has started accepting India as a major player in global economics. Analyst and Industry veterans prophesize India to be a major power of the future. This is still a distant dream because India has a humungous youth population of 300 million with just 100 million jobs in her pocket. The million dollar question is that which industry has got the nerves to absorb a workforce of this scale. The only rational answer to this problem is entrepreneurship which in itself comes with a new set of challenges.

DO WE HAVE INNOVATION AND ENTREPRENEURSHIP IN OUR BLOOD?

Globally India is conceived as a country with aversion to innovation and entrepreneurship. The condition aggravates with the fact that we traditionally have had a miniscule amount of investments in our R&D facilities. In the year 2007-08, we had only 0.93% of GNP being spent on R&D with the lion's share going into strategic (military) development. This can be further substantiated by the fact that on one hand the R&D expenditure of all Indian industries taken together is less than that of a Single Japanese company - Sony while on the other hand, 12% of the world's total R&D expenditure in 2005 was done by China.

A comforting fact is that Indians have a tendency of self-employment which was revealed in the 62nd round of NSSO's report on employment showing a national average of 254 per 1000.

A quick glance at history enforces the thought that even Indians are adept entrepreneurs. Karsanbhai's Nirma, Munjal's hero, Iyengar's TVS group, Dhirubhai's reliance, Kiran Shaw's Biocon, Bharti's Airtel are few examples out of the inexhaustible list of Indians who have carved a niche in the golden temple of fame.

UNLEASHING THE LATENT POTENTIAL

Opportunities Galore

Advantage India: The Demographic Dividend Way

This colossal population of over 1.15 billion not only poses huge challenges for the country but at the same time opens the golden door of opportunity. A third of India's

population was below 15 years of age in 2000 and close to 20 per cent was in the 15-24 age group. It is expected that in 2020, the average Indian will be only 29 years old, compared with 37 in China and the US and 48 in Japan. This ensures that India in no way can fall short of manpower in the next few decades and this can sustain India's growth story in the long run.

Unsaturated Indian Markets

World over companies are eyeing Indian markets because of high domestic demand and a robust growth supplementing it. This gives an opportunity to entrepreneurs for exploring the latent needs of the Indian customers. Launch of Kinetic scooters at the time when no Indian would have ever imagined a non-steel, self-start, gearless scooter, companies such as Hi Design rubbing shoulders with global majors like Gucci and Prada are few examples to learn from.

World Is Equally Flat For "Everyone"

Over and over again the issue of dumping by foreign companies comes up, but crying wolf is not the solution. With umpteen bilateral and multilateral agreements in place, along with the opening up of economies, it is a shot in the arm for entrepreneurs' world over.

Indian "Baniya" Is Alive And Kicking

According to a McKinsey report, Indian families are already saving too much to support small businesses directly. Comparing India with South Korea in 2005, both had an almost identical national-savings-to-GDP ratio of about 33 percent. Yet, in Korea's case, households accounted for just a fifth of the overall rate, compared with 69 percent in India. Gross domestic savings in the year ending March 31, 2008 were almost 35 percent of GDP. That is almost 10 percentage points higher than in 2003. Add a small amount of capital absorbed through a current-account deficit, estimated to be less than 2 percent of GDP, and India has enough fuel for an economic growth of 8-9 percent. With more productive use of capital, even 10 percent is feasible. These savings under expert guidance and mentorship can work wonders for aspiring and budding entrepreneurs.

Global Downturn: Not For India – Time To Explore New Avenues

India is making headlines due to its partial immunity from the global meltdown. It is true that although there is slowdown in a few sectors, majority of the industries have shown a

promising profit which is remarkable. Layoffs and cost cutting is a global phenomenon but India is largely unaffected. A report by Hewitt states that over 60% of the companies are still hiring and 9 out of 10 companies are still promoting.

There is a silver lining to every cloud, is as true as ever. Globally Indians are being sent back due to lack of employment opportunities but the catch is that these Indians are flushed with funds and have valuable experience. This is a perfect mix to start new ventures. There is an abundance of skilled and experienced employees in the market which can be a great asset for any new company. “Recession can lead to Indian progression”, is the verdict.

Challenges Await the Entrepreneurship Bandwagon: Blueprint for Achieving Excellence
The Indian Curse Of “Babudom”

The world “Doing business report 2009” published by World Bank and International Finance Corporation ranks India at 122nd out of 181 countries whereas even countries like Pakistan stand at 77th. The sorry story of bureaucracy and red-tapism still haunt the Indian businessmen.

“Single Window Clearance” can act as a booster for novice entrepreneurs. Implementing such process in itself is a herculean task for the government as this practice has been nurtured by the bureaucrats for decades. However, this is the only way out if we want to progress.

Credit Crunch Coming Home: Promoting Alternate Sources Of Finance

The global downturn has led to drying up of funds through stock market and International sources. The situation is further aggravated by the dollar outflow and vigorous efforts by the Reserve Bank of India to defend the rupee by buying out dollars (Forex reserves fell by approximately \$5.8 billion in just two weeks of early September).

We have few organizations that have come to the rescue such as Indian Venture capital association (partnering with Thompson, Tie, Indian Angel network etc.), NEXUS India, Sequoia India etc. Government has to participate actively in the initiative by promoting cooperatives and banks for providing credits.

Vicious Organizational Inefficiencies: What About Corporate Mentoring?

Indian firms are well known for their inefficient processes. Upgrading to advanced technology to compete in the global arena is imperative. An eye opener can be the Indian

cement industry which is outmoded and highly inefficient as India's per capita production of 115 kilograms per year lags the world average of over 250 kilograms and China's production of more than 450 kilograms per person.

A viable but unconventional way could be mentoring by successful corporate and MNC's who have already proved their mettle in the global arena. They are people who have proved their business acumen and they would definitely look for their benefit in this also. Giving redeemable Corporate Credits by the Indian government can be the way out. Companies would also benefit by promoting their brands through such initiatives.

Labor, Labor Everywhere, Not A Skill To Employ

There are more than 5000 Industrial Training Institutes (ITI) in India. However, the quality of training is rather uneven. These ITIs produce 700,000 technicians each year. Improving their skill level would be a very powerful channel of advancing India's technical/manufacturing capabilities. India is unable to compete against countries like China in manufacturing world class products because of shortage of skilled technicians. The institutes have bottlenecks like poor infrastructure, outdated curriculum, less qualified instructors and limited interaction with the industry.

Skilled labor can be a huge advantage for entrepreneurs to be competitive. These entrepreneurs are generally not in a position to train employees and then use them as it is a huge cost and a deterrent for their growth.

We have world class educational institutions such as the IIM's, IIT's etc. The question is that can we progress with a weak foundation? There are companies that train their own workforce and if these companies join hands, with government's support and guidance from successful educational institutions, they can reach new acme of success.

Infrastructure, The Gordian Knot

India's incessant infrastructural woes are yet another roadblock on the path to success. Overstressed power grids, erratic power supply, shoddy roads acute water shortage etc has severely impaired the growth of our country. We can at least simulate if not emulate various other nations who have world class infrastructure. We bemoan about paucity of resources but even some elementary mathematics can answer this. According to a conservative estimate about Rs 1.23 crore a day to run Parliament and during the Budget session, 47 hours were lost in the Lok

Sabha. Another 40 hours were lost in the Rajya Sabha which adds up to about Rs 17.61 crore down the drain. This amount is good enough to finance 4-5 small businesses and who knows if they would have turned into another Reliance which contributes approximately 3% to India's GDP. The crux lies in optimization of resources.

Fear Is In The Air, Instilling Confidence Is The Key

With industrial goliaths being wiped out due to the global turmoil, an aura of fear has crept in. People are worried due to uncertainty in the markets. It is time when the government should give a fillip to the plans of aspiring entrepreneurs by incentivizing their plans, giving better insurance schemes and cheaper credit.

The Cardinal Rule: Promoting New Ventures While Fostering Our SME's

A small seed is tomorrow's big tree. Even companies like Infosys, Reliance, Oberoi Hotels etc had a modest start. It's a well accepted fact that SME play a vital role in any country's growth. The contribution of SMEs to GDP in 2003 ranged from 60.0 percent in China, 57.0 percent in Germany and 55.3 percent in Japan whereas, as per Assocham's report India is still slogging around 17% and trying to reach 25% by 2012. Continuous support for technological upgradation, credit availability and export promotion by the government can be a great support. IIMs and IITs have started the concept of incubation where new companies are promoted within their premises (Silicon Valley, similarly, promoted by Stanford University). This idea could be implemented on a larger scale along with Industrial associations.

Developing of self-help groups (Cluster development) by NGO's like SEWA, BASIX etc has initiated a mass movement of self employment through microfinance. There are organizations like Shri Mahila Grah Udyog which started off with a borrowed sum of Rs. 80 and has a turnover of Rs. 470 Crores which includes Rs. 24 Crores of Exports. This showcases the potential of microfinance.

Glorifying The Corporate Tycoons

Indians have succumbed to the Nehruvian ideologies that profits are bad and entrepreneurs can't be leaders. For decades students have been taught of politicians and freedom fighters as leaders but why can't entrepreneurs like M S Oberoi, Ambani, Narayanmurthy or for that matter Steve Jobs and Warren Buffett serve as ideals for juveniles.

FINALLY, WE HAVE MILES TO GO BEFORE WE SLEEP...

It is apparent that India has a long way to go before making a mark on the world map as a developed and prosperous nation. The dream can be realized by improving the quality of life of its masses which can only be done by generating employment for them. The seemingly insatiable demand for jobs can only be met by promoting entrepreneurial activities by giving the right platform to entrepreneurs with the help of organizations such as NEN, The Indus Entrepreneurs etc. It is pretty evident that Indians have launched new ventures with flair in the past and they still possess the fire. Opportunities are in abundance and the country is plush with resources.

The formidable challenge lies in optimizing resources and overcoming the hurdles to not only join the league of successful and developed nations but rather set an example for other developing nations.