



Pioneering Prosperity: A Comparative Study of Entrepreneurship Dynamics in India

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ABSTRACT

The enduring and historical presence of the entrepreneurial spirit within our culture underscores its pivotal role in driving economic growth, job creation, and innovation. This research recognizes entrepreneurship as a catalyst for adaptive business models, marked by a transition towards knowledge-based products and higher-level services. In the face of global economic uncertainties, entrepreneurs emerge as change agents, employing creative thinking, agility, and technological acumen to navigate challenges and attract skilled talent. The rapid evolution of India's technology startup ecosystem, with the prominence of unicorns, serves as a focal point for analysis. This study aims to illuminate the concept of entrepreneurship, examining pre-COVID and post-COVID trends to enhance understanding and fortify entrepreneurial endeavours in India. Additionally, it offers insights into the future of entrepreneurship in the country, accompanied by recommendations to bolster resilience within the entrepreneurial landscape.

Keywords: *Entrepreneurship; Trend Analysis; Covid-19; Economic Recovery; Growth Prospects; Total Entrepreneurial Activity; Indian Economy; Development*

I. INTRODUCTION TO ENTREPRENEURSHIP

Entrepreneurship is related to the actions of a person or group of individuals who start a company and work to grow it financially. Fundamentally, entrepreneurship is the spirit of creativity, risk-taking, and the desire to invent something new. It describes the dynamic process by which people or organizations find opportunities, gather resources, and decide to take the risk to start and run a commercial endeavour with the intention of making a positive impact on society and making money. In other words, "Entrepreneurship" refers to the action of any individual or group engaged in starting, running, or otherwise managing a business with the aim of earning a profit from that endeavour, while "Entrepreneurs" refers to those individuals or groups.

i. DEFINING THE ENTREPRENEURSHIP

Entrepreneurship has been characterized in a variety of ways by different academics. Below is a discussion of a few definitions provided by distinguished academics.

- “Entrepreneurship is the process of developing new goods, processes for producing them, or markets. It frequently involves creative destruction, or the replacement of preexisting economic institutions with novel ones”. [14]
- “Entrepreneurship is a methodical, deliberate invention that seizes chances for change, independent of the resources under one's current control”. [3]
- “Entrepreneurial process stressed the process of identifying, assessing, and seizing opportunities. Stevenson described entrepreneurship as an exploration of opportunities beyond resources controlled”. [15]
- “Entrepreneurship is the study of how people find and seize opportunities. Their focus was on opportunity identification and exploitation”. [13]
- “Entrepreneurship encompasses the creation and management of businesses that have the potential to expand, even if they stay small”. [4]

Therefore, the various meanings of entrepreneurship that range from behavioural and economic perspectives to the development of social importance and cultural change are highlighted by these definitions. The field is still developing, which is indicative of how dynamic entrepreneurial activity is in many other fields.

ii. ESSENTIAL COMPONENTS OF ENTREPRENEURSHIP

There are various key components of entrepreneurship which are discussed below.

- **Creativity and Innovation:** Developing new concepts, goods, or services that either address market demands or open up completely untapped markets is a key component of entrepreneurship.
- **Taking Chances:** Risk-takers by nature, entrepreneurs aren't afraid to take chances, explore unknown ground, and deal with uncertainty. This tendency toward taking risks is essential to being an entrepreneur.
- **Opportunity Acknowledgment:** The capacity to recognize possibilities in the marketplace or voids that their goods or services may fill is a skill that successful entrepreneurs possess. This calls for a blend of creativity, market knowledge, and foresight.
- **Resource Administration:** The ability to successfully manage resources, such as time, money, and human talent, is essential for entrepreneurs. In a dynamic business climate, entrepreneurs have to come up with strategic decisions to maximize these resources.
- **Flexibility:** The environment for entrepreneurs is characterized by ongoing change and shifting market dynamics. Entrepreneurs must be flexible, quick to react to obstacles, and able to modify their plans of action as necessary.
- **Enthusiasm and perseverance:** Becoming an entrepreneur frequently entails overcoming several obstacles. Entrepreneurs are inspired by their passion for the project and their tenacity, which help them through the ups and downs of the journey.
- **Impact on Society and Economy:** Entrepreneurship is capable of having a big impact on society in addition to being financially successful. Entrepreneurs improve communities by generating jobs, fostering economic growth, and enhancing general well-being.

iii. CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS

Entrepreneurial growth is a result of the chances taken by successful business owners. Seizing opportunities is crucial to the entrepreneurial process [2]. In addition to being opportunistic, entrepreneurs also share a number of other traits that contribute to their success. Some of these traits are listed below.

- Business owners have an internal rather than an external locus of control. [12]
- Entrepreneurs are inherently creative people. [14]

- Uncertainty and risk, management competency, and creative opportunism are the pillars of a successful entrepreneurial venture. [7]
- Being an entrepreneur requires a commitment to both innovation and commercial expansion. [6]
- Psychological characteristics has its own role in determining the entrepreneurial orientation, including risk tolerance, ambivalence, the desire for social belonging, and drive. [8]
- A financially stable family has its own importance while pursuing an entrepreneurial endeavour. [9]
- Motivational factors are important in the success of the entrepreneur. [1]
- A person's likelihood of becoming an entrepreneur in later life was greater if he shown leadership traits in his youth. [16]

iv. PROCESS OF ENTREPRENEURSHIP

The process of entrepreneurship consists of a sequence of steps where ideas are usually generated, feasibility studies are conducted, business plans are created, resources are gathered, the plans are put into action, and management is continued. An entrepreneurial vision and a dedication to transforming their concepts into real, profitable businesses help them through this process. This can be easily studied from FIGURE 1.1.

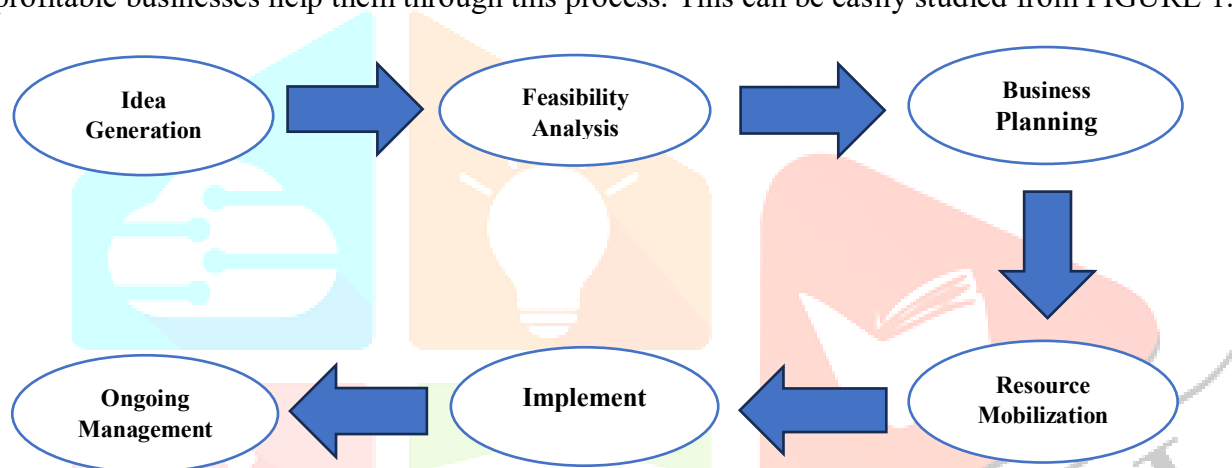


FIG 1.1: ENTREPRENEURIAL PROCESS

Thus, economic prosperity and social change are propelled by the dynamic and multidimensional concept of entrepreneurship. It honours the spirit of people who have the courage to dream big, take risks, and work to change and grow the corporate environment.

II. IMPACT OF POST-COVID ECONOMIC RECOVERY ON INDIAN ENTREPRENEURSHIP

In December of 2019, the globe was hit by the worst epidemic in recorded history: COVID-19. There have been over millions of fatalities and confirmed cases of the pandemic worldwide. The economic growth, employment, commerce, finance, industrial production, agricultural output, etc. of the global economy were all severely impacted by the epidemic. During the pandemic period, all global activity indicators, such as industrial production, global trade volumes, new manufacturing orders, and new service businesses, dropped significantly. This dent in the global economy was exacerbated by the Russia-Ukraine war, which is causing other economic problems, such as the rise in prices of important cereals and petroleum products. The conflict between Russia and Ukraine is largely to blame for the steep increase in worldwide grain prices, which have been experienced by almost every economy across the world.

The COVID-19 epidemic has caused enormous disruptions to international supply lines and placed undue strain on the world economy. The World commerce Report 2021 states, "In 2020, the value of global trade in goods and services in nominal dollar terms fell by 9.6 per cent, while global GDP fell by 3.3% [4]. Compared

to the global financial crisis of 2008-2009, the global trading system has fared better during the COVID-19 crisis. Because of this, the nations have been able to get their hands on much-needed medical equipment, food, and consumer products, which has aided in their economic recovery.

India has played a pivotal role in this arena on both the national and international stages. The Indian government provided COVID-19 vaccines and other materials to several countries to combat the pandemic, and India also played a key role in international cooperation by assisting other countries and international organizations in making decisions on pressing global issues like trade, climate change, peace, and sectoral cooperation.

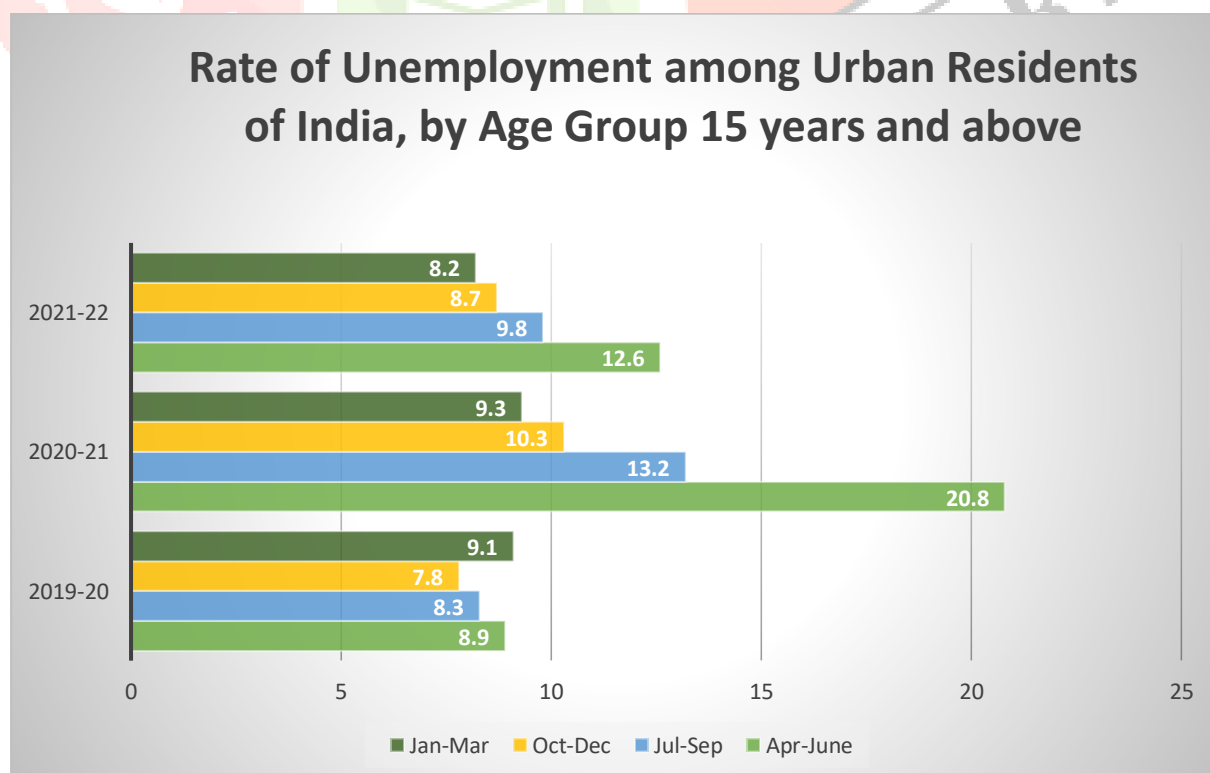
The Government of India has introduced a number of economic reforms, such as deregulation of sectors, simplification and digitization of business processes, removal of legacy issues including retrospective tax, privatization, easing norms for inviting foreign investments, and many more, in addition to its direct efforts to save lives and halt the spread of COVID-19. India has just surpassed Britain to become the world's fifth-largest economy, thanks in major part to these changes.

III. INDIAN ECONOMY DURING COVID-19 AND GROWTH PROSPECTS

Various trends have been analysed to determine Indian Economy during Covid-19 and associated growth prospects. These trends are further discussed below.

i. TREND 1: Unemployment

The unemployment rate in India is below its pre-pandemic level 8.2% during Jan-Mar 2021-22 as opposed to 9.1% during the same quarter in 2019-20, a positive sign for the country's labour market as economic recovery continues [10]. As can be seen in Graph 3.1, the unemployment rate in 2020-21 is expected to be much greater than it was before the pandemic, despite the fact that it has been decreasing since the beginning of the economic recovery.

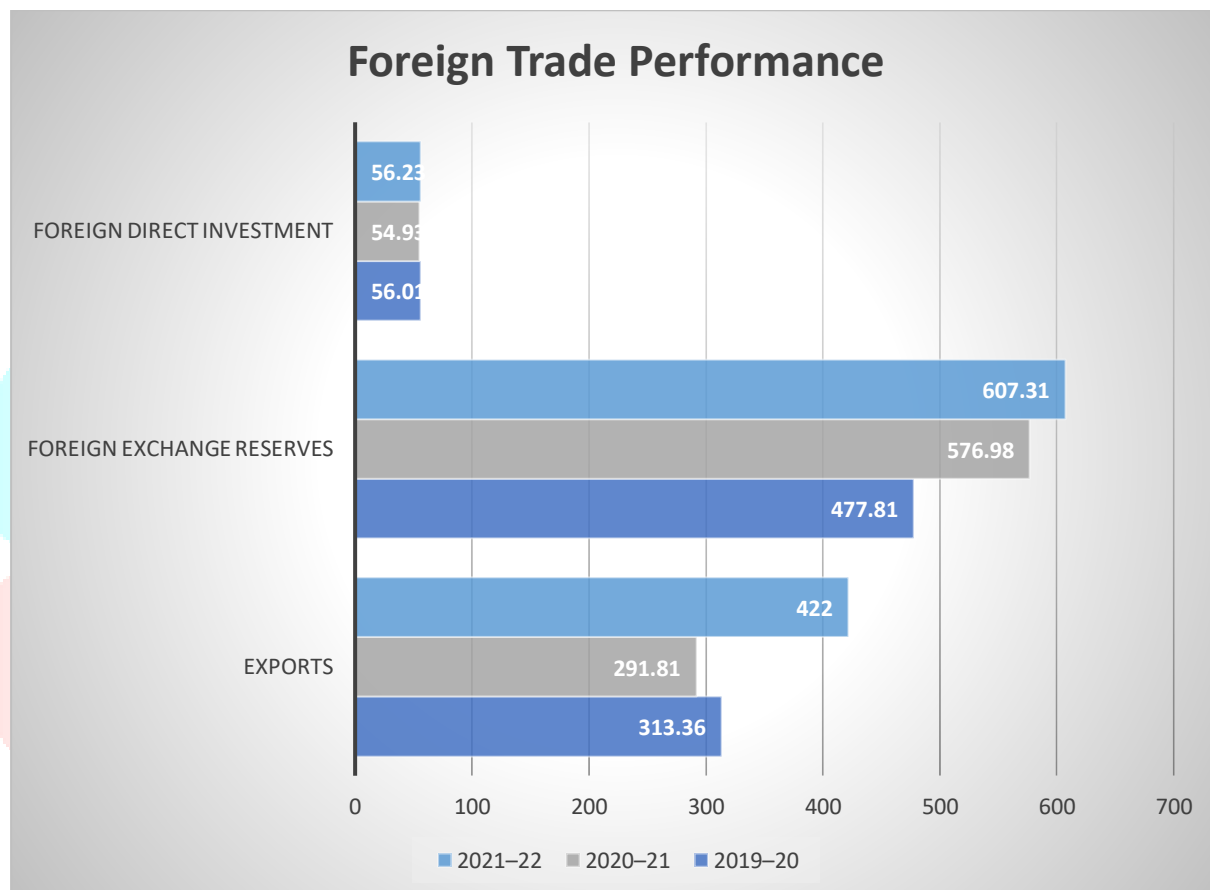


Graph 3.1: Rate of Unemployment among Urban Residents of India, by Age Group 15 years and above

Source: Periodic Labour Force Survey

ii. TREND 2: Foreign Trade Performance

The Indian economy has shown signs of improvement on the international front as well. Although they fell during the epidemic, the country's exports and FDI are on the road to recovery. According to RBI Report (2022), after peaking at US\$ 313.36 billion in 2019-20 before the epidemic hit, India's exports fell to US\$ 291.81 billion in 2020-21 before rising to US\$ 422 billion the following year [11]. Similarly, foreign direct investment fell to US\$ 54.93 billion in 2020-21 from US\$ 56.01 billion in 2019-20 before the pandemic hit, but rose to US\$ 56.23 billion the following year. Despite this epidemic, the country's foreign currency reserves continued to grow. Graph 3.2 provides information on exports, foreign currency reserves, and FDI.



Graph 3.2: Foreign Trade Performance

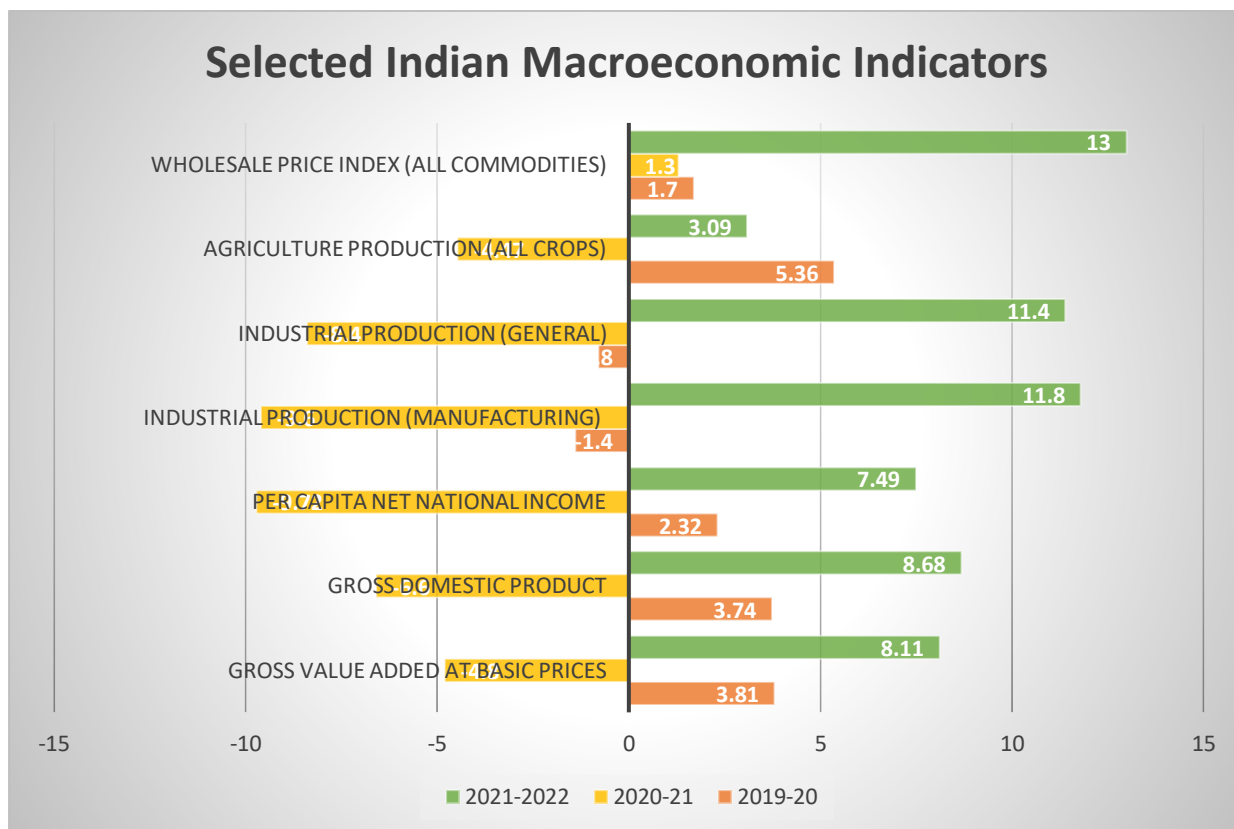
Source: Handbook of Statistics on Indian Economy, Reserve Bank of India, 2022

iii. TREND 3: Growth in Selected Indian Macroeconomic Indicators

Graph 3.3 show the annualized rates of growth for selected macroeconomic variables of the Indian economy before (2019-20), during (2020-21), and after (2021-22) the onset of COVID. It shows that during the COVID-19 period (i.e., 2020-21), the Indian economy grew at a negative rate across all macroeconomic indicators. This includes GVA, GDP, per capita net national income, industrial production, and agricultural output. However, the growth rate of all these variables flipped from negative to positive during 2021-2022.

The increase in the national income per capita from -9.72% in 2020-21 to 7.49% in 2021-22 helped boost consumer spending and stimulate domestic demand, both of which contributed to a higher GDP growth rate (8.68% in 2021-22, up from -6.60% in 2020-21). [11] When factories around the nation shut down due to the pandemic, the country's industrial sector was hit hard, but it began to recover the next year, growing by 11.40 percent from the previous year. Even the agricultural industry had its origins recovery in the most recent fiscal

year, although its growth rate is still lower than it was before the outbreak. The Indian economy is struggling despite its impressive success due to rising inflation (expected to reach 13% in 2021-22) that is worrying the government and the public with the country's Central Bank attempting to stem the tide of a sharp price increase.



Graph 3.3: Increase in Selected Indian Macroeconomic Indicators (Constant Prices Base Year: 2011–12)

Source: Handbook of Statistics on Indian Economy, Reserve Bank of India, 2022

iv. TREND 4: The Indian Startup and Entrepreneurship Scenario

Almost 73,000 businesses have been launched in India, making it the third biggest startup environment worldwide. There has been an explosion in the number of unicorns in the nation, with over a hundred existing today. In 2021, Indian startups raised over \$42 billion, and in Q1 of 2022, they raised over \$11 billion. [4] Since its inauguration on 16 January 2016, the Start-up India mission has achieved remarkable success in developing the country's start-up ecosystem. The number of investors has increased by a factor of nine, while the amount of money available to startups has grown by a factor of seven, and the same is true of the number of incubators.

Though, while the world economy suffered as a result of the COVID-19 outbreak, digital media saw a significant uptick in traffic. As a consequence, new IT based enterprises and industries arose as a viable response to a variety of challenges. Startups mostly developed in the areas of digital education, financial technology, health and wellness, coworking, and remote work solutions at COVID-19.

In 2021, both the number of investment transactions and the overall funding amount for EdTech startups in the nation climbed dramatically. When comparing the overall funding amount from 2019 (US\$ 0.44 bn), 2020 (US\$ 1.4 bn), and 2021 (US\$ 4.7 bn), the rise from 2019's 49 financing arrangements to 2020's 103 and 2021's 165 is striking. [4]

Health technology investment in India saw a dramatic uptick in the years after the COVID-19 epidemic, after having dropped precipitously during the outbreak itself. In 2019, it was \$1 billion, dropping to \$388 million in 2020 before rising to \$2,100 million in 2021.

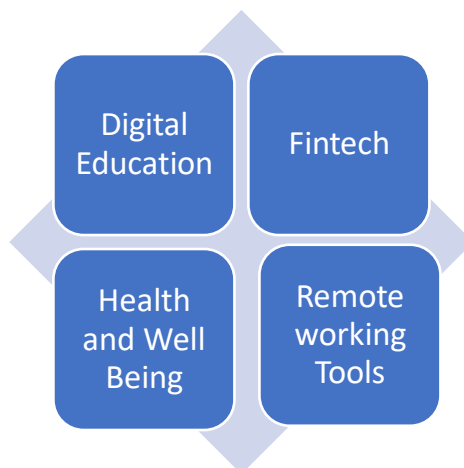
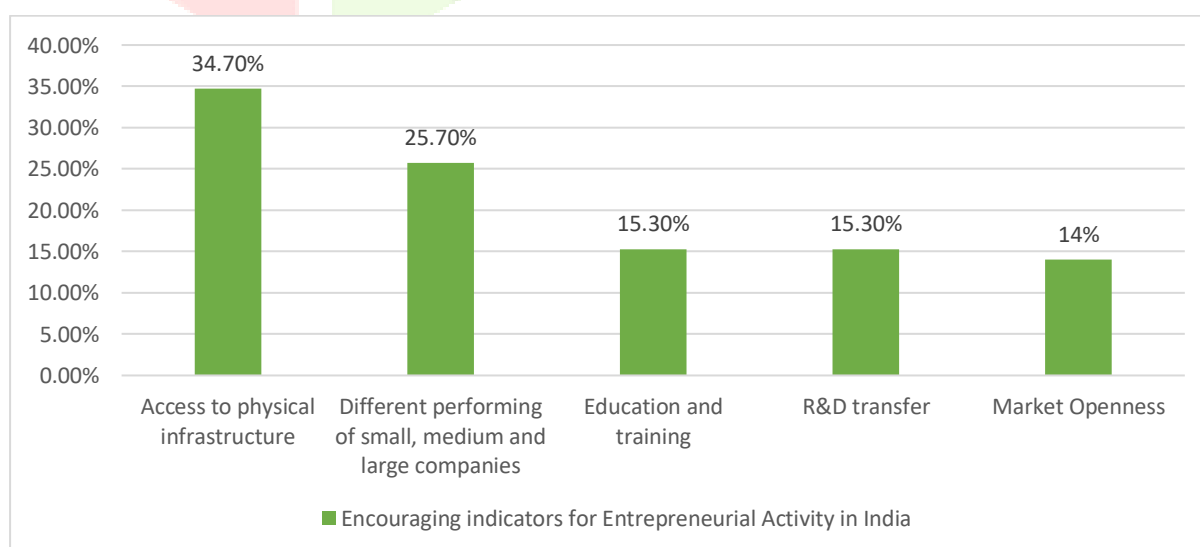


Figure 3.4: Key Sector for fresh start-ups during COVID-19

Source: States' Start-up Ranking 2021

v. TREND 5: Motivating Factors for Strengthening Entrepreneurship in India

The variables in India that encourage entrepreneurial endeavours are shown in Graph 3.5. According to the research, the primary encouraging aspects in India are the availability of physical infrastructure and the variation in the results of small, medium, and big businesses. These results provide credence to the argument that all forms of entrepreneurial education, technology transfer, and market liberalization are crucial. Private institutions are also changing their focus toward cultivating an entrepreneurial culture in their surroundings, and a number of public organizations are attempting to promote entrepreneurship education. The government of India has made many initiatives to support R&D and encourage the creation of novel approaches to societal problems. India's government has been working to improve the country's business climate by creating more investment possibilities and promoting a streamlined grievance resolution process.

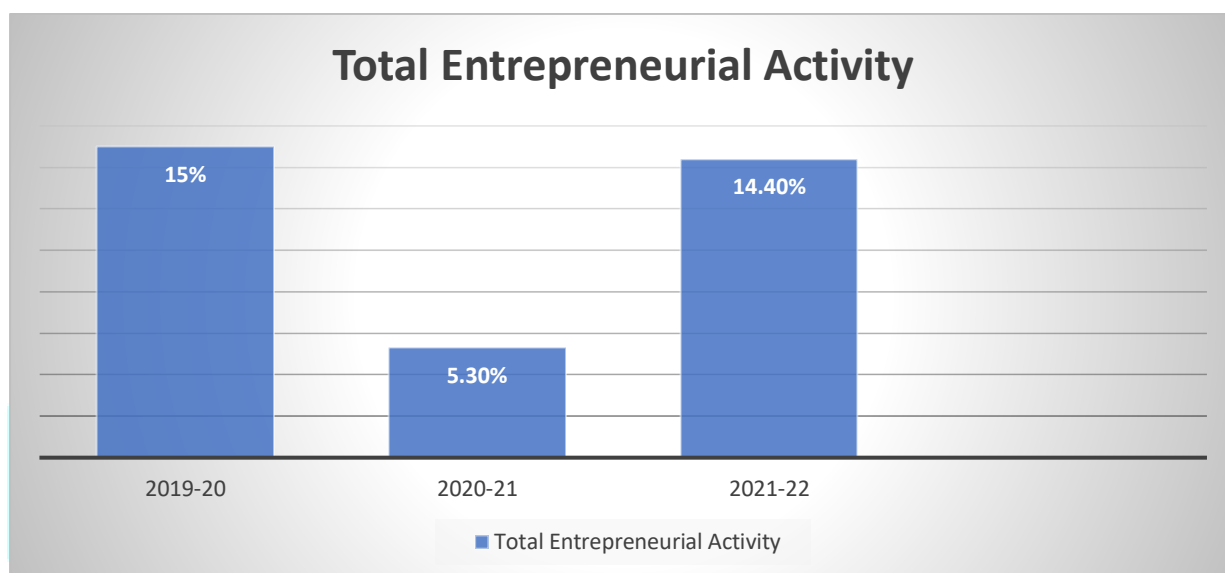


Graph 3.5: Encouraging indicators for Entrepreneurial Activity in India

Source: GEM India Survey 2021–22 (fostering factors in percentages)

vi. TREND 6: Future of Entrepreneurship in India

The government's initiatives are bearing fruit, and the country is quickly becoming a top choice for international investors. It is evident in India's rise up the World Bank's Ease of Doing Business Ranking (from position 130 in 2017 to position 63 in 2020). The overall enhancements to the ease of doing business are setting the stage for the country to become a haven for entrepreneurs. India's entrepreneurial environment has improved because to government programs like 'Start-up India' and 'Make in India,' according to the Global Entrepreneurship Monitor. [4] While 'Total Entrepreneurial Activity' (TEA) fell to 5.30% in 2020-21 (during the pandemic) from 15.0% in 2019-20, the Graph 3.6 shows that this figure has almost recovered to 14.40% in 2021-22.



Graph 3.6: Total Entrepreneurial Activity

Source: GEM India Report 2021-22

IV. CONCLUSION

India's growth as a global centre for start-up companies is driven by a combination of variables that work well together to support entrepreneurship. India, with a population of over a billion people and a developing middle class that makes it an appealing consumer base, is at the centre of this phenomena. India's market is huge and still expanding. Advancements in technology, particularly in the digital domain, have improved market accessibility and connectedness, revolutionizing the way companies interact with their customers. With programs like the Production-Linked Incentive (PLI) scheme, which encourages industry and attracts foreign investment, the government's dedication is evident. Simplified tax laws show a proactive attitude to making corporate operations easier and support a positive ecosystem. Innovation is further supported by India's strength in R&D, which is backed by a strong infrastructure and knowledgeable workers. Thus, India's global commercial climb can be attributed to a confluence of elements, including a sizable market, technology advancements, government backing, reduced rules, and a robust research base. Therefore, this demonstrates a concrete commitment to put India at the forefront of corporate innovation worldwide.

V. RECOMMENDATIONS

One of the most important recommendations is to make it easier for established and new business owners to obtain funding. Strong education and training programs lay the groundwork for developing a strong business ecosystem. The government should place a high priority on improving the infrastructure for human resources

and providing top-notch educational resources in order to support the development of future corporate leaders. It is necessary to elevate government initiatives in addition to purposefully updating and expanding cultural and social standards in order to foster an atmosphere that is more favourable for the founding and development of businesses. The most important suggestion is to provide better access to capital for both aspiring and established company owners. The development of a healthy environment for new business starts with education and training. In order to foster the development of young business owners, the government should prioritize the provision of high-quality educational opportunities and the improvement of human resource infrastructure. In order to provide more favourable conditions for the creation and expansion of the firm, government programs and cultural and social norms should be upgraded and expanded in a planned manner.

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