

Unleashing india's innovation and entrepreneurship potential

[Business](#), [Entrepreneurship](#)



Unleashing India's Innovation and Entrepreneurship Potential India has been one of the best performers in the world economy in recent years. Indian economy has been one of the stars of global economics growing 9.6% in 2006 and 9.2% in 2007. Growth had been supported by market reforms, capital inflows of FDI, rising foreign exchange reserves, both an IT and real estate boom, and a flourishing capital market. Like rest of the world, however, India is also facing testing economic times (economic recession) with inflation running at 11%, the highest level seen in a decade .

The Indian stock market has fallen more than 40% in six months from its January 2008 high. \$6 billion of foreign funds have flowed out of the country in that period, reacting both to slowdown in economic growth and perceptions that the market was over-valued. It's high time we recognize the growing significance and visible impact of Entrepreneurship and innovation on wealth-creation and employment-generation in India. INNOVATION: Innovation is a process to achieve measurable value enhancement in any commercial activity, through introduction of new or improved goods, services, operational and organizational processes.

It is a significant factor in fostering competitiveness, improvement in market share and quality. It reduces costs . Innovation is a key driver of economic growth. It is both creation, commercialization of new knowledge and diffusion and absorption of existing knowledge in new locations. Growth, accompanied by innovations, has been associated with rising living standards and a reduced number of poor people. India is increasingly becoming a top global innovator for high-tech products and services.

Still, the country is under performing compared to its innovation potential which has direct implications for long-term industrial competitiveness and economic growth. About 90 % of Indian workforce is employed in the informal sector. This sector is often characterized by underemployment, low-productivity and low-skill activities. Although India has the benefit of a dynamic young population , with more than half of the country's population under 25 years old, only 17 percent of people in their id-20s and older have a secondary education. To uphold rapid growth and help alleviate poverty, India needs to aggressively exploit its innovation potential, relying on innovation-led, rapid and inclusive growth to achieve economic & social transformation . According to one of the findings the output of economy could increase more than five folds if each enterprise could absorb knowledge existing in India and achieve the level of productivity of top enterprises in their sector.

By applying knowledge in new ways to production processes, better and new products can be produced with the same or fewer inputs to meet the needs of all sections of Indian society. The very popular “ Dabbawala” system is an innovative business process which allows 4, 500-5, 000 semiliterate Dabbawalas to deliver almost 200, 000 lunches to workers every day in Mumbai. The Dabbawalas reportedly make one mistake per 6 million deliveries. So remarkable is this delivery network that international business schools have studied the work flows of the Dabbawala system to understand the key to its stellar performance rating.

To unleash its innovation potential, India needs to develop following strategies: > > Increasing level of competition to improve the investment

climate, supported by stronger skills, better information infrastructure and more public and private finance. Recommended actions to raise competition include removing regulations which are not essential and applying essential ones more transparently in product, land, labor, capital, and infrastructure services markets—for example, easing limits on small industries, restrictions on foreign direct investment (FDI) etc.

Limited skills and training are a major bottleneck. Only 16 percent of Indian manufacturing firms offer in-service training, compared with 92 percent in China . The Indian firms that provide in-service training are 23–28 percent more productive than those that do not. This bottleneck could be overcome (i) by providing public matching funds for firms to invest in training and (ii) increasing the fiscal and managerial autonomy of universities and colleges, and increasing private participation in higher education. Better information flows are needed: high-speed national research and education networks accelerate the pace of new discoveries and the expansion of knowledge. Information-related actions could include expediting the allocation of radio and wireless broadband spectrums, increasing targeted subsidies for rolling out rural mobile and broadband, and agreeing on an organizational structure to deploy and manage a national research and education network. > India can benefit from supporting efforts to create and commercialize knowledge, help in diffusing existing global and local knowledge and by increasing the capacity of smaller enterprises to engross it. Private enterprises need to increase R&D spending. Between 1998 and 2003, multinational corporations spent \$1.3 billion on R&D in India—showing that its valuable assets could be

exploited more effectively. Measures to spur private R&D could include consolidating and expanding early-stage technology development programs as well as developing a policy and action plan to use public procurement to promote innovation.

New domestic knowledge needs to be converted to commercial use. Of the top 50 applicants for patents in India between 1995 and 2005, 44 were foreign firms. Only six were Indian. Actions to promote commercialization and strengthen links among industry, universities and public laboratories could include providing support to technology transfer offices, creating a patent management corporation, developing technology parks and incubators and improving India's regime for intellectual property rights.

India should also consider enhancing support for higher-risk technology R&D and commercialization by strengthening its New Millennium Indian Technology Leadership Initiative and by opening the program to international collaboration and giving grants to both research institutions and private enterprises, with sharing of any resulting royalties. The Diaspora needs to be tapped more effectively. About 20 million people i. e. 2 percent India's population earn the equivalent of two-third of India's GDP.

Steps to tap more efficiently tap India's overseas talent could include supporting a larger Diaspora network, building on existing groups that aggregate this population's (NRIs') talent and capital for use in India. >>

India would benefit from fostering more inclusive innovation—by promoting more formal R&D efforts for poor people and more creative proletariat efforts

by them, by improving the ability of informal enterprises to exploit existing knowledge. Inclusive innovation can play a critical role in lowering the costs of goods and services and in creating income-earning opportunities for poor people.

The Council of Scientific and Industrial Research has developed technology applications for rural India, university and formal private initiatives e. g. e-Choupal. To leverage traditional knowledge into revenue, a policy-oriented intellectual property rights think tank could propose how to implement a cheaper intellectual property regime. Finally, successful technology upgrading programs could be extended to help informal and rural enterprises make better use of existing knowledge. **ENTREPRENEURSHIP:** Entrepreneurship represents a mindset.

It is the skill of finding creative, innovative and profitable solutions to problems and to be paradigm pliant. An entrepreneur is someone who assumes the financial risk of the initiation, operation and management of a business. They aren't generally high-risk takers when they can't affect the outcome of the situation. They tend to set realistic and achievable goals, and when they do take risks, they're usually calculated ones based on facts and experience, rather than instincts. Entrepreneurs are participants not observers, players not fans.

And to be an entrepreneur is to be an optimist, to believe that with the right amount of time and resources, you can do anything. Why is the US more prosperous than India? Is it because we Indians are less smart than

Americans? No, Indians are universally known for their intelligence. Is it because they have greater resources? No, India is as much if not more rich in natural resources. Then, why is the US more prosperous than India? The US is more prosperous simply because they have more entrepreneurs.

Entrepreneurs have a big role to play in driving India's growth.

With a slower economy, it is vital that government; academic world and regulatory bodies create a favourable environment for entrepreneurs to flourish. Entrepreneurship is a critical element of a growth economy and India is poised to unlock a Silicon Valley like entrepreneurial boom through the next 10 years. If India needs to eradicate poverty, we have to grow. To grow, we have to employ the unemployed. NASSCOM and CII have estimated that if India wants to be a developed country by 2020, it needs to create 10 million jobs.

The million-dollar question is how these jobs are going to be created. Neither the Army nor the police force can soak up such a large number, nor can the Railways or the government. They can only be engrossed by the private sector. The industrial set-up is expanding, but not at the rate that can employ such large numbers. Is there any solution to this grave problem? Fortunately, YES, the answer is entrepreneurship. As per TiE (The IndUS Entrepreneurs- a non-profit organization, promoting entrepreneurship) each entrepreneur creates 30 jobs.

An entrepreneur creates jobs, setting stage for a flourishing economy. Over 30% of Microsoft employees are Indians. The NASA relies on Indian brains for

its various missions. IIT graduates are considered the worlds brightest. Why do these people flock to the US, simply because the US has more opportunities? What can we do to stop this self-ruining brain drain? The answer lies in promoting entrepreneurship. The beginnings are already in place, steps have been taken in the right direction. There is an overall shortage of start-up entrepreneurs in India compared to the rest of the world.

One of the most significant deficiencies an Indian entrepreneur may face revolves around capital. Although there is ample willingness to invest capital in a well-established enterprise, there is little willingness to fund start-ups. The quality and quantity of venture capital in India is low. The benefits of entrepreneurship to the society and the economy as a whole are enormous. Entrepreneurship helps in avoidance of monopolies and cartels and help in checking large corporations and MNCs.

Entrepreneurs realize the tremendous demand for goods abroad and help to market the surplus. This will make the Indian market export competitive and at the same time, the MADE IN INIDIA brand more acceptable. The surplus footstock which would have been otherwise rotting in the government storehouse, can be exported, thus earning foreign exchange. The government gets rid of the excess stock while the exporter earns revenue, leading to a win-win situation. An important factor influencing FDI, from developed nations to developing nations is the concentration of entrepreneurship.

FDI is directly proportional to entrepreneurship. The highest contributor of FDI is the US. The US readily welcomes Indian exports and also lists Indian companies on American exchanges. No wonder NASDAQ rocks on the beats of Infosys Chairman, NR Narayan Murthy. So, the message is clear; we need more entrepreneurs. It is high time, the government realizes that only and only entrepreneurship can help it grow at the high rate and rethinks its policies. To unleash its entrepreneurship potential, India needs to develop the following strategies

Nurture early stage entrepreneurial ventures based on technology and innovation. Create physical infrastructure and support systems necessary for business incubation activities. Facilitate networking with professional resources that include mentors, experts, consultants and advisors for the incubated companies. Identify technologies/ innovations which have potential for commercial ventures. Promote and foster the spirit of entrepreneurship. Carry out activities that facilitate knowledge creation, innovation and entrepreneurship activities.