



ASIAN CENTRE FOR
ECONOMIC & ENTREPRENEURSHIP
DEVELOPMENT AND EDUCATION
AN INDIA SME FORUM INITIATIVE

Best Practices in Entrepreneurship Development, New Approaches and Insights



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INTRODUCTION

India has historically been a land entrepreneur. Right from Indus valley civilisation adopting barter system to 21st century India producing 70+ unicorn startups. In fact to quote from the Indian Industrial Commission Report (1916-1918)–"At a time when the West of Europe, the birth place of modern industrial system, was inhabited by uncivilized 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 adventures 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."

Great Kings like Kanishka, Ashoka had held silk routes and developed a conducive business environment that led to the creation of indian monopoly in fields of spices, cotton etc. Also, Indic culture provided the freedom to individuals to take risks and pursue innovative ideas without any restrictions. Lastly the institute of HUF (Hindu Undivided Family) carrying on businesses since generations is proof of how Entrepreneurial mindset has been imbibed among us.

Having inherited a glorious past we have to accept the fact that india even went through the phase of deindustrialisation during the colonial era. India's contribution to world gdp went from 25% to less than 2% during the colonial era. However situation today can be promising on one end but also remains underperforming. Today India is having 60000+ startups, ranking 3rd largest in startup numbers, however when such stat is compared with per capita basis it reflects the gloomy picture of the entrepreneurship culture in India. As per Bain Co. 20% MSMEs are run by women, however a majority of them are only owned by women on paper.

India has entered into the phase of demographic dividend, however the current unemployment rate has been 45yr old high as per official stats. Sooner than later this demographic dividend can turn into a demographic burden in case India fails

to produce jobs. Moreover, by 2030 almost 40% of the population is expected to reside in urban centers this requires some innovative solution to solve the unemployment crisis in waiting. Recently government in Rajya sabha reported that between 2018-20 more than 25,000 suicides took place due to unemployment and indebtedness. This dire situation of unemployment crisis can worsen on account of further loss of jobs due to AI, IoT, Globalisation, lack of skilled workforce etc. The most viable solution to such problem lies in innovation and entrepreneurship which can not only solve the situation of unemployment but also can solve larger social, economic and environmental solutions.

This has been recognised by the Government of India and various efforts have been made by different stakeholders to make India a leader in startups, entrepreneurship development and innovation. Such as:

- I. Number of Government schemes and initiatives- ranging from providing financial assistance, addressing liquidity needs to incubation and IPR support.
- II. Promotion of Ease of Doing business- to convert red tape to red carpet for budding entrepreneurs. India has come a very far way to jump to the spot of 63rd in the Ease of doing business Index by World Bank. However number of challenges still remain such as even today it takes 18 days to set up business, 163rd rank in ease of enforcement of contracts.
- III. Education model- currently as per Narayan Murthy only 20% of engineers are employable. Efforts have been made to revamp the education model via National education policy 2020 to promote entrepreneurship and innovation.
- IV. Institutional support has been provided to budding entrepreneurs in areas like registration (udhyog aadhar), taxation (GST composition scheme), etc.
- V. Society- even though in recent years, Indian society has been seen as risk-averse giving birth to job seekers rather than job creators largely due to economic policies adopted post-independence, however in contemporary times there has been a shift in social outlook with respect to entrepreneurship.

Through this research paper will look at best practices among Indian states as well as around the world to get insights and reorient our approach with respect to entrepreneurship development. Firstly let us look at some initiatives that have tried to focus on imparting training and development to existing and budding entrepreneurs, also we shall also look at some initiatives that have ensured ease in doing business which indirectly contributes to entrepreneurship development.

BEST PRACTICES ACROSS INDIA

iCREATE, Gujarat

- ☐ an independent center to promote Narendra Modi's 'Start-up India' scheme that blends creativity, innovation, engineering, product design and leverages emerging technologies to evolve out-of-the-box applications.
- ☐ iCreate provides a 13-week grooming program to equip an individual with the right skill and tools required in the entrepreneurial world. Students, existing entrepreneurs, traders, small-sized businessmen can participate in the program.
- ☐ Driven by a holistic approach, iCreate offers end-to-end solutions to entrepreneurs from grooming, incubation, angel funding, networking to life-long mentoring.
- ☐ The state has a robust Startup Cell which comprises of a dedicated team to provide assistance to startups.

Student startup and Innovation policy, Gujarat

- ☐ With the aim of "catching them young", the rules laid down under this policy states that the support system at school level will be provided as a maximum of Rs 20,000 per proof of concept (PoC)/ prototype/ innovation for classes 9-12 and

collective/ community level support system and activities for others along with a large scale sensitization, events and programs for developing scientific mindset.

Karnataka Startup Policy 2015- 2020

- ☐ Reimbursement of service tax paid by startups (VAT or GST)
- ☐ Marketing incentives to startups which include reimbursement of 30% of the actual costs up to a maximum of INR 5 lakh per year per company.
- ☐ The cost of filing and prosecution of patent applications would be reimbursed to the incubated startup companies subject to a limit of INR 2 lakh per Indian patent awarded.
- ☐ Karnataka has shown remarkable performance in 'Easing Public Procurement' and 'Simplifying Regulations' by being in the 100th percentile
- ☐ The policy is largely sector agnostic and the definition of a 'startup' is clearly defined in the policy
- ☐ The state has devised a high-quality incubation support system to nurture the growth of startups. Subsidized seats are offered by incubators under the PPP mode
- ☐ Government of Karnataka provides seed funding under the 'Idea2PoC' scheme of the Startup Policy of Karnataka 2015-20. Idea2PoC through 'ELEVATE 2019' is given in the form of grant-in-aid but limited to a one time grant of up to INR 50 lakh.

Business Blasters, Delhi government

- ☐ As part of its 'entrepreneurship mindset curriculum', the government started a programme called Business Blasters across all its senior secondary schools in September by giving Rs 2,000 as seed money to class 11 and 12 students to develop their entrepreneurship ideas.

- ☐ Further these youngsters were provided with a platform to pitch their ideas to investors and obtain seed funding.

Delhi Skill and Entrepreneur university

- ☐ DSEU aims to create a win-win for the youth and the industry by filling the existing gaps in skill training. The focus will be on teaching both self-reliance for life-long independence and the wisdom towards nurturing and valuing interdependence.

Single Window Clearance (SWC) for Industries - MAITRI by Maharashtra

- ☐ MAITRI serves as a single point of contact to reduce the average time and efforts required for the establishment of industrial units and issue 31 clearances and approvals required for setting up of industries in the State.
- ☐ Information regarding investment policies, government coordinates upto the district level, citizen charters and circulars available on the portal.

Land related interventions by Gujarat

- ☐ Gujrat industrial development corporation is allowed the flexibility to negotiate, offering developed land as part of the compensation.
- ☐ Price determination based on market prices is determined by a scientific method carried out by institutes like the Centre for Environmental Planning and Technology University (CEPT).
- ☐ Sector specific estate development by GIDC on PPP model where land is acquired by Industrial Associations
- ☐ Information on land made available on online portal with highlights on availability of land, power, gas, distance of port, airport, SEZ among 65 parameters for Industries based on the critical parameter specific requirements chosen by the entrepreneur

- ☐ Land inventory is updated on live basis and GIS based application are used for better land management thus investors can make a large part of their research without even visiting the land.

Chattisgarh

- ☐ The state has created co-working spaces in the incubator-cum-accelerator for technologists, social entrepreneurs, government, technology companies and impact investors to achieve inclusive and sustainable socio-economic growth
 - ☐ The state connects startups with industry investors to invest in innovative solutions which were conceptualized with customer's inputs
 - ☐ The state has identified some areas as innovative business areas and is in the process of creating a special policy/ regulation to promote startups working in areas such as IT, Fintech, core sector, Renewables, IoT, etc. (differential treatment')
 - ☐ The state has started internship & fellowship programs to encourage selected student entrepreneurs to pursue their innovations/ start-up ideas.
 - ☐ The state is promoting entrepreneurship by supplying Innovation kits & start-up toolboxes and organizing bootcamps in schools and colleges/universities.
- I. Flatted Factories model for cluster development approach, adopted by various state governments like UP (Agra), Telanagana etc.
 - II. E STEP, Karnataka
 - ☐ E-Step is an initiative from Karnataka startup cell to empower students within the state. It also caters to the needs of the growing startup community of the state. E-Step is operational under the registered society KITS (Karnataka Innovation and Technology Society) and acts as the single point of contact and a facilitating body to promote the Karnataka Startup Ecosystem. Under the E-Step initiative, various bootcamps and mentorship

workshops are conducted by various industry partners, startup founders, policy makers, and technical experts to explain the basics of entrepreneurship to the students.

III. Labour Management Solution (LMS) by Maharashtra

- ☐ Creates a One-Stop Shop for implementation and integration of 46 labour laws , along with online application and renewal of labour licenses, permits & clearances, NOCs, registration etc.
- ☐ Interactions with industries and trade unions made online
- ☐ Electronic records & creation of labour database
- ☐ Dedicated online Complaint Window for Business as well as the Labourers to voice and share grievances
- ☐ Showcased as a good practice in 100th session of International labor conf 2011 at ILO, Geneva.

Best global practices

BizWorld, Netherlands

- ☐ BizWorld launched in the Netherlands in 2004. Financed by a public-private partnership, the program takes place in hundreds of Dutch classrooms each year. Companies sponsor a class of students, typically ages 11–12, for the intensive four-day program. A businessperson from the sponsoring company co-teaches with the class's regular instructor, leading students through a business development exercise.

Angel Investment

- ☐ Angel investors play a crucial role in spurring enterprise financing. Associations of angel investors at regional and global levels have secured mentorship and networking. For example, Turkey has approved an angel investment law providing a 75 per cent tax incentive to investors, the highest in the world; the Republic of

Korea has increased its tax deduction for angel investment to 50 per cent

Network for Teaching Entrepreneurship (NFTE), USA

- ☐ During either a one-semester or year-long course, high school students learn entrepreneurial skills that help them create a business plan. Each student's business plan ultimately competes in a school-wide competition, with the winners advancing to a regional NFTE-wide competition and ultimately the National Youth Entrepreneurship Challenge.
- ☐ During the course, each student comes up with an idea for a business and works throughout the semester or year to create a business plan. To help with this process, business plan coaches visit students and help them throughout the process. These mentors are volunteers from local businesses, typically entrepreneurs or workers in the finance field.

Techstarter, USA

- ☐ The Techstars Global Entrepreneur Network helps entrepreneurs and their ventures grow by linking with a broader network of peers, pioneers, consultants, mentors, investors, corporate partners, among others.

European innovation Academy

- ☐ Helps create the future of entrepreneurship education by organizing unique international entrepreneurship programs for students as well as companies.
- ☐ Entrepreneurs from Silicon valley provide mentoring in aspects like customer validation, prototyping, gaining seed funding etc.

Road Ahead

- I. Revamping the education sector- inclusion of entrepreneurship as a compulsory subject along with various experimental-based models based on the above learnings.
- II. Change in societal perception with respect to entrepreneurship- though the evolutionary change in this regard has been initiated from the bottom up approach, however current needs require revolutionary and quick changes. This task can be accelerated by shows like Shark Tank India, documentation of successful startup stories, exposure to entrepreneurs and handholding.
- III. Taxation front- based on above learnings it can be found that tax rebates, exemptions etc can act as a major incentive for starting up small businesses.
- IV. Incubations centres- providing a one-stop solution for guidance, finance, training etc must be established at a decentralised level.
- V. Infrastructure development on lines of flatted factories, SEZs, Industrial estates etc that can provide agglomeration benefits along with focussed government benefits delivery. Thus helping in handholding of aspiring entrepreneurs.
- VI. Focus on enhancing ease of doing business that can in turn provide a conducive business environment for budding of entrepreneurs. India has strived towards Ease of doing business via E-governance, move towards self certification rather than regulation, single window clearance etc.
- VII. Training and development of budding entrepreneurs in areas like seed funding, supply chain management, financial management etc in PPP mode with collaboration with management institutes, management Gurus etc.