



Entrepreneurship in India

Its Current and Future Impact on Competitiveness

Amit Kapoor — PART 3 of 8



*enhancing
prosperity*

INSTITUTE *for*
COMPETITIVENESS



EXPANSION OF CITIES: METROPOLITAN REGIONS

S. No.	Metropolitan Areas	Population	Consist of
1	National Capital Region (NCR)	21,753,486	(a) Haryana districts- Gurgaon, Sonipat, Faridabad, Rohtak (b) Uttar Pradesh districts- Meerut, Baghpat, Ghaziabad, Gautam Buddha Nagar (c) Rajasthan- Alwar
2	Mumbai Metropolitan Region	20,748,395	Thane, Navi Mumbai, Mira-Bhayandar, Kalyan-Dombivali, Ulhasnagar, Vasai-Virar, Bhiwandi-Nizampur including other towns & villages
3	Kolkata Metropolitan Area (KMA)	14,617,882	Kolkata Municipal Corporation (KMC), Howrah Municipal Corporation and Chandannagore Municipal Corporation
4	Chennai Metropolitan Area (CMA)	8,917,749	Chennai district, Thiruvallur district and Kancheepuram district
5	Bangalore Metropolitan Region	8,728,906	Hosur, Yeswanthpur, Yelahanka, Anekal, Hebbal , Marathalli etc.
6	Hyderabad Metropolitan Region	7,749,334	Secunderabad, Bhogir, Kondpur, Medchal etc.
7	Ahmedabad Metropolitan Region	6,352,254	Gandhinagar, Anand, Kheda, Kadi, Jambusar, Viramgam etc.
8	Pune Metropolitan Region	5,049,968	Pune city and Pimpri-Chinchwad town, etc.
9	Surat Metropolitan Region	4,585,367	One municipal corporation, 7 municipalities and 6 counter magnets

CREATIVE ECONOMY OF INDIAN CITIES 2014

The scores are a representation of the creative potential in the cities of India.
The figures are for 2014.

City	Creativity Index
Mumbai	0.967
Bengaluru	0.920
Delhi	0.907
Kolkata	0.873
Hyderabad	0.867
Chennai	0.867
Thiruvananthapuram	0.773
Pune	0.760
Kochi	0.733
Ludhiana	0.720
Ahmedabad	0.713
Guwahati	0.700
Chandigarh	0.667
Nagpur	0.660
Coimbatore	0.647
Kozhikode	0.640

City	Creativity Index
Surat	0.633
Faridabad	0.600
Lucknow	0.587
Gurgaon	0.573
Kanpur	0.573
Amritsar	0.527
Puducherry	0.520
Jaipur	0.493
Bhopal	0.483
Noida	0.483
Madurai	0.467
Meerut	0.467
Asansol	0.440

City	Creativity Index
Jammu	0.427
Indore	0.413
Dehradun	0.413
Rajkot	0.387
Bhubaneswar	0.373
Patna	0.360
Nashik	0.363
Vadodra	0.363
Alahabad	0.340
Shimla	0.340
Agra	0.333
Varanasi	0.333
Vijayawada	0.287
Ranchi	0.213
Vishakhapatnam	0.200
Srinagar	0.200
Mysore	0.187
Jabalpur	0.173
Dharwad	0.167
Raipur	0.140
Jamshedpur	0.080



FIRST 25 CITIES ON CCR 2014

Rank	City	Overall Competitiveness Score	Factor Conditions	Demand Conditions	Context for Firm Strategy & Rivalry	Related & Supporting Industries
1	Delhi	73.134	2	1	1	4
2	Mumbai	70.059	1	2	3	2
3	Gurgaon	64.102	11	7	2	17
4	Noida	63.837	6	25	4	5
5	Chennai	63.228	3	5	5	8
6	Hyderabad	62.903	9	4	9	1
7	Bengaluru	62.803	10	3	7	19
8	Kolkata	62.158	4	9	8	6
9	Pune	61.413	12	10	6	7
10	Ahmedabad	60.890	13	8	13	3
11	Kochi	59.123	7	26	10	23
12	Coimbatore	59.006	5	37	17	10
13	Chandigarh	58.598	18	6	20	24
14	Nagpur	58.330	32	12	12	13
15	Kozhikode	58.080	8	16	14	37
16	Surat	57.852	22	11	24	20
17	Nashik	57.697	26	19	15	14
18	Thiruvananthapuram	57.091	14	15	19	36
19	Vadodara	56.988	23	27	16	25
20	Jaipur	56.821	46	13	18	16
21	Madurai	56.804	16	32	22	31
22	Rajkot	56.524	31	17	21	22
23	Faridabad	56.392	45	18	11	27
24	Mysore	55.754	19	34	30	32
25	Kota	55.727	27	20	33	28



25-50 CITIES AS PER CCR 2014

Rank	City	Overall Competitiveness Score	Factor Conditions	Demand Conditions	Context for Firm Strategy & Rivalry	Related & Supporting Industries
26	Kanpur	55.666	30	41	40	9
27	Lucknow	55.282	39	14	48	18
28	Varanasi	55.226	37	47	32	11
29	Indore	55.172	25	24	26	40
30	Bhopal	55.117	20	23	28	42
31	Vishakhapatnam	55.091	38	31	23	29
32	Allahabad	54.783	35	50	36	21
33	Dehradun	54.712	17	22	45	44
34	Ludhiana	54.703	36	28	27	35
35	Bhubaneswar	54.406	33	48	29	33
36	Vijayawada	54.389	41	38	31	30
37	Amritsar	54.262	29	21	25	49
38	Shimla	54.066	15	45	43	50
39	Ranchi	53.949	34	36	38	38
40	Raipur	53.934	21	49	37	41
41	Meerut	53.784	48	29	47	15
42	Guwahati	53.664	24	40	41	46
43	Patna	53.659	47	43	42	26
44	Agra	53.360	50	30	46	12
45	Jabalpur	53.198	43	46	39	39
46	Asansol	53.019	49	35	34	34
47	Dhanbad	52.940	42	44	35	43
48	Jammu	52.798	28	42	50	47
49	Jamshedpur	52.570	40	39	44	45
50	Srinagar	52.079	44	33	49	48

CHALLENGES FACED BY AN ENTREPRENEUR IN INDIA

Regulatory Environment- *How do I understand and get past regulatory requirements at every stage?*

- *Starting a business*
- *Running and growing a business*
- *Exiting a business*

Funding- *Where will I secure Funding?*

- *Banks and Financial Institutions*
- *Government*

What Keeps an entrepreneur awake at night ?

Labour- *How do I hire Skilled labour?*

- *Rigid Labour Laws*
- *Supply of skilled labour*
- *Statutory salary preemptions*

Hard Infrastructure: *Will I get power connectivity, etc? Will I be able to acquire land ?*

- *Existence and access of quality physical infrastructure- roads, energy, utilities*
- *Land Acquisition*

Soft Infrastructure-

Marketing and procurement: Will I be able to procure supplies? Will I be able to market my products effectively

Culture: Can I get some hand holding? What If I fail?

- *Support of large businesses*
- *Tolerance for failure*

MAPPING THE CONVERSATIONS AROUND INNOVATION ECOSYSTEMS



The Economist Report gives the primary source as: Quid research; Relative news volume surrounding innovation and entrepreneurship for distinct geographies as extracted from open information streams by the Quid natural language processing and conversation mapping engine.

TOP TEN LOCATIONS MOST FREQUENTLY MENTIONED IN INNOVATION CONTENT CLUSTERS, ACCORDING TO QUID'S RESEARCH

Region	US	UK	France	China	India	Israel	Brazil	Nigeria
1	United States	United Kingdom	France	China	India	Israel	United States	Nigeria
2	Israel	United States	United States	United States	Singapore	United States	Brazil	Africa
3	India	London	Europe	Taiwan	United States	New York City	Europe	Lagos
4	Europe	Europe	Paris	Hong Kong	Mumbai	Tel Aviv	China	South Africa
5	China	Britain	London	Beijing	New Delhi	Europe	India	United States
6	Silicon Valley	India	United Kingdom	India	Asia	India	United Kingdom	Sub-Saharan Africa
7	Chicago	Northern Ireland	India	Singapore	Singapore	London	Latin America	Ghana
8	New York	Australia	New York City	Shanghai	China	Silicon Valley	Asia	Asia
9	San Francisco	Israel	China	Israel	United Kingdom	China	North America	West Africa
10	Los Angeles	China	San Francisco	Asia	Europe	Singapore	Africa	India

Domestic

The Economist Report gives the primary source as:

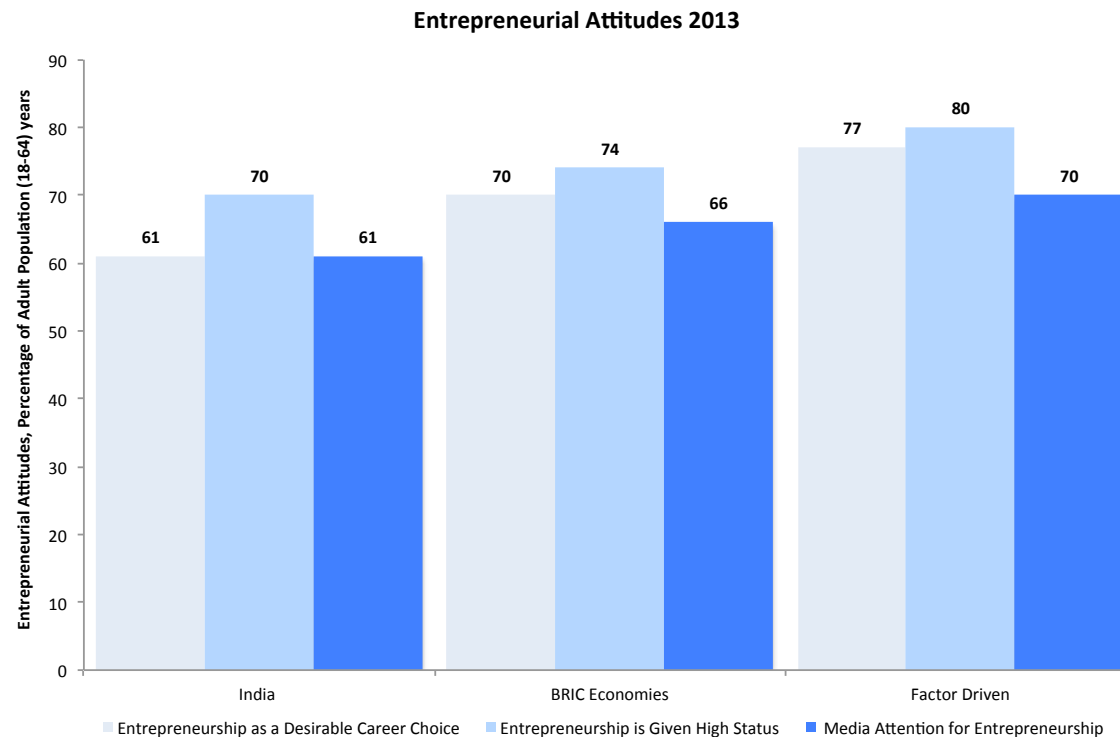
Quid. Please note: the domestic ecosystems identified in each of the eight geographies are marked in pale blue.

GEM 2013 INDIA STUDY

The Global Entrepreneurship Monitor (GEM) project is an annual assessment of the entrepreneurial activity, aspirations and attitudes of individuals across a wide range of countries. Initiated in 1999 as a partnership between London Business School and Babson College, the first study covered 10 countries; since then over 100 'National Teams' from every corner of the globe have participated in the project, which continues to grow annually. In 2013 a study was done on Indian Entrepreneurship. The study had a sample size of 3000 people from across North, West, East and South.

The primary measure of entrepreneurship used by GEM is the Total Early-stage Entrepreneurial Activity (TEA) index. TEA indicates the prevalence of business start-ups (or nascent entrepreneurs) and new firms in the adult (18 to 64 years of age) population—in other words, it captures the level of dynamic entrepreneurial activity in a country.

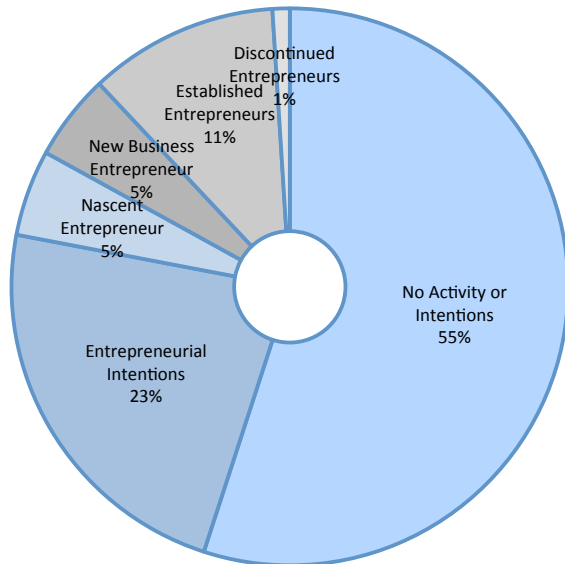
Although Indian adults are more or less positive about the general opinion whether entrepreneurship is an attractive career option and the level of respect and status that entrepreneurs receive in the country, they are below the averages of their peers in the factor-driven phase as well as the BRIC nations. In 2012, 61% of the Indian adults (18–64 years old) look at entrepreneurship as a desirable career choice and believe that stories about successful entrepreneurs occur frequently in the public media. Around 70% adults think that entrepreneurs have a high level of status and respect.



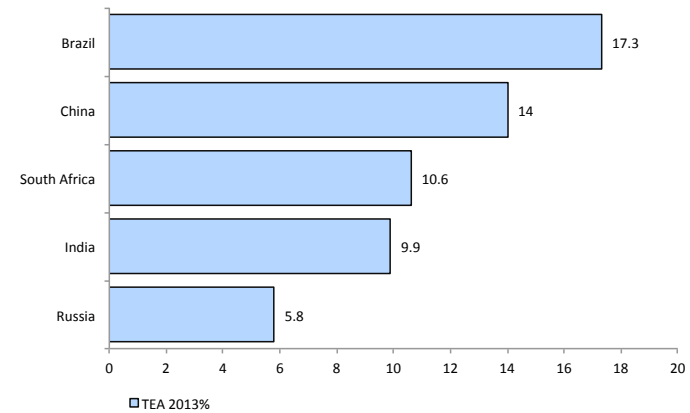
GEM 2013 INDIA STUDY

Total Early-stage Entrepreneurial Activity (TEA), is the central pivot of the GEM. TEA consists of the percentage of individuals aged between 18 and 64 years who are in a process of either starting a new business or have recently started one. Thus, TEA has two components: Nascent entrepreneurs— individuals who are taking steps to start a business and New entrepreneurs— owner-managers of businesses less than three and a half years in existence (Baby Business). The graphs also depict entrepreneurial stages and reasons for business discontinuation.

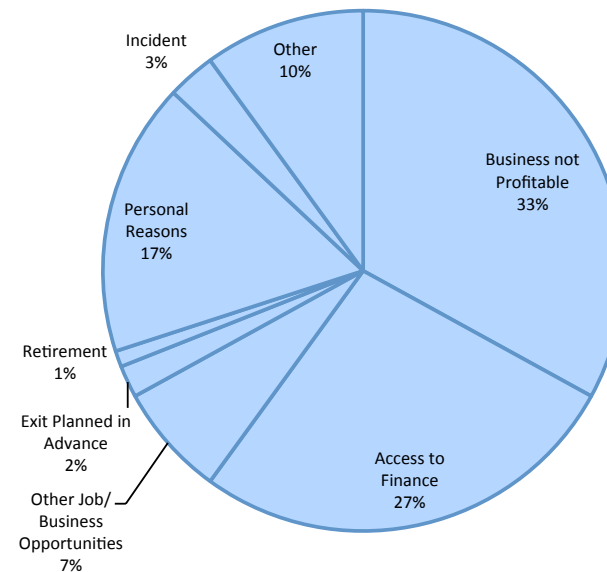
Entrepreneurial Stages, % of Adult Population



TEA 2013%



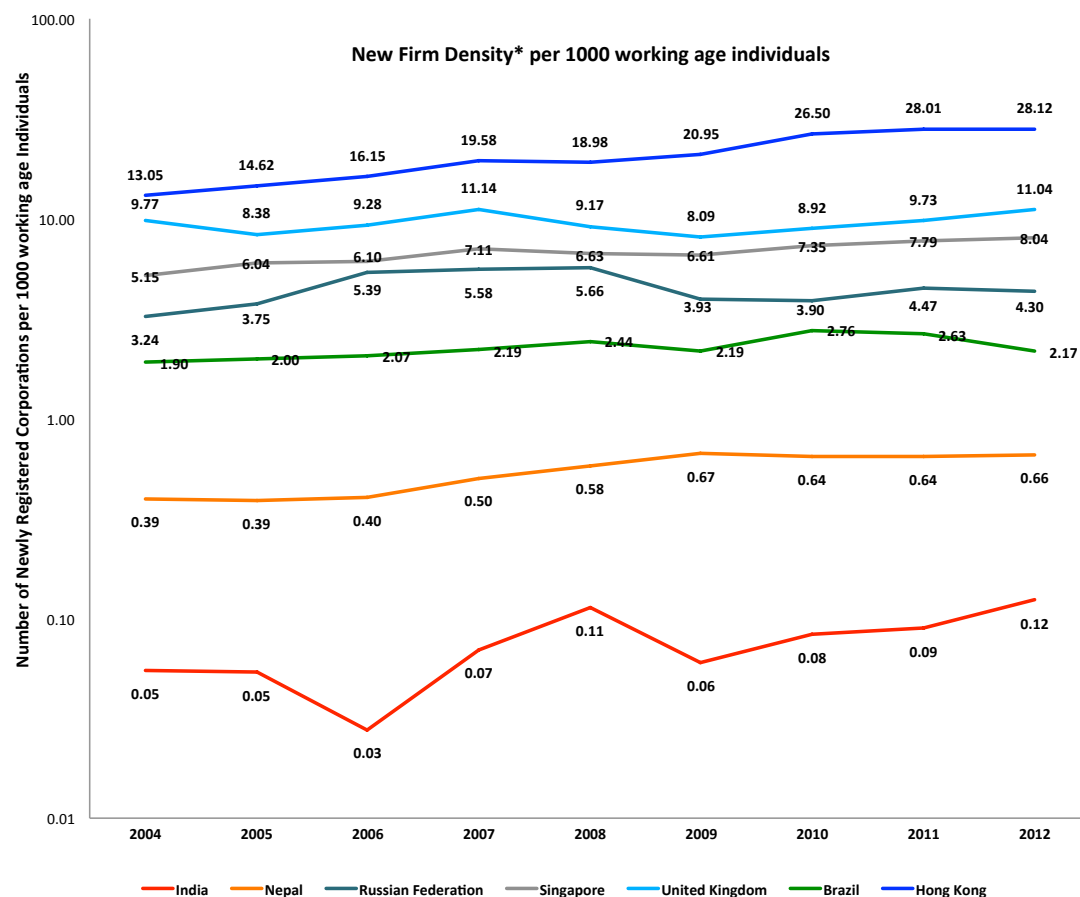
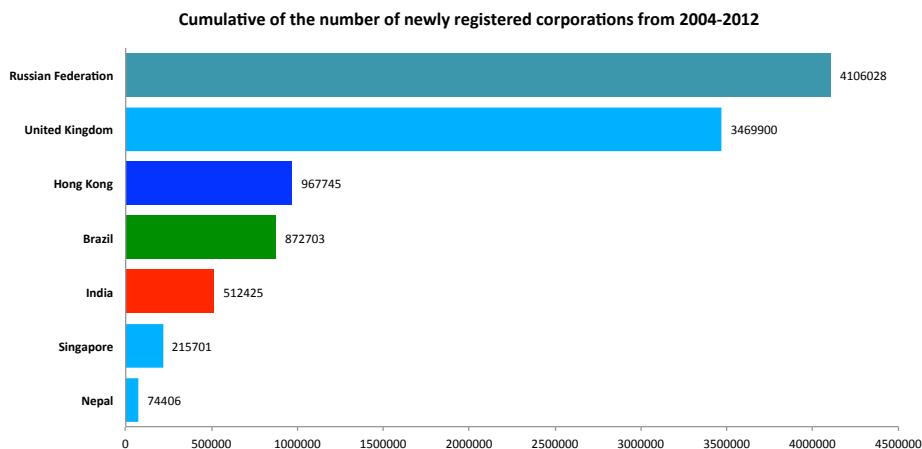
Reasons for Business Discontinuation, % of Exits



Source: <http://www.gemconsortium.org/docs/download/3781>

NEW FIRM DENSITY

The present venture creation (especially after the rise of corporation from early 1600's) is a systematic process with people registering with the registrar of companies in a particular country. Graph on the right depicts new venture creation (limited liability corporations) per 1000 working age individuals, which is defined as new firm density by the World Bank. This is essentially a representation of number of new corporations created per 1000 working age (16-64 years) individuals. What is striking is that In India on an average we create 288 times less number of firms per 1000 working age individuals as compared to Hong Kong. In fact, India has one of the least number of new firm creations per 1000 working age individuals. Graph below depicts the absolute numbers of firms created from a 2004-12. Here too India lags behind much smaller places like Hong Kong.



* Is the number of newly registered companies with limited liability per 1,000 working-age people (those ages 15-64)

GEI, 2015

The chart depicts The various sub-pillars of the Global Entrepreneurship Index. The Pillars are arranged in ascending order with the best performing sub-pillars towards the top of the Chart. One can easily see that Indian has a very strong competition. Also it performs relatively well on Process and Product Innovation. However, with respect to Opportunity Startup as well as on Technology Absorption as well as on availability of risk capital it performs relatively poorly.

The Global Entrepreneurship Index, 2015 Score of India on various Pillars

