

EDII

# Gujarat bucks national entrepreneurship trend

**Activity Doubles**  
From 7.2% To 14.8%

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**Ahmedabad:** Gujarat is known as the land of entrepreneurs for ages. A recent study confirmed this as the state bucked the national trend in setting up new enterprises in 2017-18. While the total early-stage entrepreneurship activities (TEA) - ventures not older than five years - in India recorded a decline from 10.6% in 2016-17 to 9.3% in 2017-18, Gujarat bucked this trend as TEA rate doubled from

## FACTS AND FEARS

Entrepreneurship as a good career choice in India rose from 44.4% in 2016-17 to 53% in 2017-18

Perceived opportunity in entrepreneurship rose from 44.3% to 44.9%

Fear of failure rose from 37.5% to 39.6%

Perceived high status for entrepreneurs in society rose from 47.7% to 56.2%

Perceived capability to pull off an enterprise dipped from 44% to 42.1%



from 7.2% to 14.8%, as per the Indian part of the Global Entrepreneurship Monitor (GEM) report.

The GEM report analysing entrepreneurial activities in 64

countries, ranked India at 31st position. The report was released by Giriraj Singh, MoS, MSME at Entrepreneurship Development Institute of India (EDII), primary research orga-

nization for the report, during the recent Vibrant Gujarat summit. Dr Sunil Sukla, EDII director and principal author of the research, attributed upward trend to factors like economic reforms, availability of finance and access to incubation facilities.

Amit Kumar Dwivedi, EDII faculty and co-author of the report, said entrepreneurship in Gujarat was primarily in wholesale and retail sector followed by health, education and service-oriented enterprises.

"The report identifies government policies, financial support and cultural & social

norms as major constraints to entrepreneurship in India. The experts, included in study, suggested improvement in education and training, policy formulation for new businesses and formulation of finance policies focused on tech-based startups to improve India's global ranking," said Dwivedi.

While Russia was not part of the report, among BRICS countries Brazil had the highest TEA of 20.3% followed by South Africa (11%) and China (9.9%). 59.9% enterprises generated zero jobs - signifying self-employment. 36.6% provided 1 to 5 jobs and 3.5% provided 6 or more jobs. P4

## ENTERPRISING INDIA

### STILL A LONG WAY TO GO

Global Entrepreneurship Monitor Report 2017-18 considered 64 countries to assess the environment and opportunities for enterprises. In India, three institutes based in Gujarat, Madhya Pradesh and J&K prepared the report with stratified sampling of 4,000 respondents across India and 43 sector experts.

#### SLIGHTLY OLDER ENTREPRENEURS IN INDIA

% of entrepreneurs in 25-34 and 35-44 age groups across regions

Region	25-34 yrs	35-44 yrs
Africa	16.1	15.8
Asia+Oceania	15	15
South America	22.4	20.6
Europe	10.9	10.1
North America	23.4	18.9
<b>India</b>	<b>8.5</b>	<b>11.5</b>



#### OPPORTUNITIES AND THREATS FOR INDIAN ENTERPRISES

While 55.6% respondents mentioned government policies as constricting factors, 47.3% termed it beneficial. Over 50% said financial support was a major constraining factor whereas for 45.9% these were cultural and social norms. In all, 26.4% mentioned the need for education and training and 11% mentioned that robust entrepreneurship capacity is a major supporting factor.

#### SELF-PERCEPTION OF ENTREPRENEURSHIP IN INDIA (%)

	North	East	South	West	India
Perceived opportunity	12.4	18.2	7.6	6.7	<b>44.9</b>
Perceived capability	10.5	14.8	9.1	7.6	<b>42.1</b>
Fear of failure	14.6	11.5	9.3	4.1	<b>39.6</b>
Entrepreneurial intention	1.8	5.6	0.9	2.2	<b>10.4</b>

#### WHY ENTERPRISES FOLD UP IN INDIA (%)

Problems with finance	37.9
Unprofitable	31.6
Sold business	13.2
Incident	6.7
Personal reasons	3.8
Exit	3.3
Another opportunity	3.1
Retirement	0.4



#### LAGGING BEHIND IN INNOVATIONS

(% of new products with no competitors)

Africa	23.6
Asia+Oceania	25.4
South America	22.9
Europe	28.7
North America	39.6
<b>India</b>	<b>25.6</b>

Text: Parth Shastri  
Graphic: Ayaz Daruwala

#### WHERE ARE THE NEW ENTERPRISES? SECTOR SNAPSHOT

Wholesale/retail	Health, Education	Agriculture	Mining	Manufacturing	Transport	Other*
53%	19%	15%	3%	5%	2%	3%

\*Other includes ICT, Finance, Professional services, Consumer-specific

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