

Startups usher in a new economic freedom

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destiny.

Would you resign from a job in Amazon in America and dare to build its rival in India? Would you opt out of an assured placement with a Fortune 100 company and start a social entrepreneurship venture straight out of college? Would you give up a job with a crore-plus salary to try out a business idea even though you are over 40 and have school-going kids?

Most middle-class Indians would not have done any of these until as late as the mid-1990s. Today they feel free to make such choices—free from the stigma of a potential failure, free from the parental pressure to 'settle down' in life, free to try making their own economic

First generation entrepreneurs aren't new to India. India's number one private company was founded by a first generation entrepreneur, Dhirubhai Ambani. India's most admired IT company, Infosys, was set up by seven middle-class ex-employees who had no family wealth or political contact. But in the world's second most populous country, such examples were rare. Entrepreneurship was a dream to be had and forgotten. Today, Indians are free to have the dream—and live it.

Three changes have ushered in this freedom. First is the rising value and falling price of experiment. Traditionally in India, experience was valued much higher than experiment. Partly because

the cost of experiment was high—both in terms of money and stigma of failure. The internet reduced the monetary cost of experiment, as was evident from the first wave of dot-com companies formed in the

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early 1990s. Mobile phones have dramatically brought the cost down further and accelerated the speed of success. Founded less than a decade ago, Flipkart's \$15 billion valuation is higher than the market capitalisation of one of India's oldest companies—Tata

Motors.

The second big change is how failure is seen in society and among investors. Though India is still far more risk averse than America, more and more young Indians are seeing failure as a learning and not as an ending. By now, there is a long list of 'succeeded in the second attempt' entrepreneurs in country.

Another big change is in the thinking of what's a business and who's an owner. Startups change their business model and products significantly during the period of experiment. Founders of some of the biggest startups have no hesitation in reducing their stake to less than 50% to ensure that their idea—and the business—blooms, even if they no longer have 'control'.

It is in this context that today's 'Startup India' initiative of the government has to be seen. Can it speed up the pace of change? Can it ensure that Indian banks that keep writing off millions on bad loans to big companies start funding business ideas on campuses? Can it help Indian business ideas find Indian funding? Government can't guarantee every entrepreneurial dream turns into a reality. But it can ensure that a good business idea is nurtured into a great business instead of getting killed because of the absence of basics like uninterrupted power, reliable mobile network, seed capital and clean and responsive administration. Thousands of startups will be looking forward for such an assurance today.

