THE MISSING MIDDLE OF INDIAN ENTREPRENEURSHIP

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The introduction of entrepreneurship mindset curriculum in schools has shown significant improvement in academic and life outcomes.

WHAT
Between our obsession with unicorns and glorifying people running small stalls for survival is the middle ground in entrepreneurship. This space is sparsely occupied in India today.

AND
If we are to achieve meaningful economic growth in our country, we need to incorporate, in our national conversation on entrepreneurship, ways of addressing the missing middle.

NOW
A national mission for mass entrepreneurship is the need—whenever India has worked to achieve a significant milestone in a limited span of time, it has worked best in mission mode.

A NATIONAL MISSION
At the Global Alliance for Mass Entrepreneurship (GAME), we have advocated for a National Mission for Mass Refrigeration (NEMFR). This concept was more pronounced now than ever before. Whenever India has worked to achieve a significant economic milestone in a limited span of time, it has worked best in mission mode. Think of the Green Revolution or Operation Flood.

A new mission, however, is more than enough approaches of what we work to catalyse mass entrepreneurship. The introduction of entrepreneurship mindset is not just about having an alliance mode of working by a number of agencies that has shown significant improvement in academic and life outcomes.

MUNDANE MIDDLE
Technology-intensive start-ups are often behind in their ability to create jobs—and hybrid work models and artificial intelligence (AI) have further accelerated employment. What we need to focus on, therefore, is the labour-intensive, capital-light, and medium enterprise (MSME). Here, we begin to get to a definitional notion of what we called the mundane middle and the problems it currently faces.

India has an estimated 63 million enterprises. But, out of 100 companies, 95 are micro- enterprises—employing less than five people, four are small to medium and barely one is large.

The questions to ask are: Why are Indian MSMEs failing to grow from micro to small and medium and then be spurned on to make the leap into large companies? What are the policy interventions that can be introduced to improve their access to finance, skills, technology, and networks?

This emphasis on entrepreneurship transit school and colleges and led to the creation of programmes like ‘InNity Mangaluru’, a four-month project that involves students in finding solutions to the local challenges with the involvement of industry, educational institutions and the entrepreneurial eco-system. Students with an inclination towards entrepreneurship or problem solving come together to build solutions. Building such networks of youth entrepreneurs is the logical extension of ELMC and holds the key to the future.

The same can be said for building networks of rural youth entrepreneurs—so crucial when the participation of women in the Indian economy has declined to an abysmal 20%.

THE REAL ENVIRONMENT
Towards increasing ease of doing business (EBODB), the Punjab government is dramatically reducing the compliance burden on existing firms and make it much easier for new firms to register and start a formal business. This is being done around four pillars: i) pragmatizing the number of no-objection certificates, ii) simplifying the process for registration, iii) reducing discretionary powers given to regulatory departments, and finally iv) reducing low risk offences. It is interesting just how many low risk labour and non labour-related offences carry a possible punishment of a jail term and how much can be achieved easing these punitive measures.

The majority of India’s 63 million firms are in the informal sector, and policymakers are now targeting formalization for GST. Research shows that companies that start out as formal enterprises become two to three times more productive than a similar informal business. So why do firms prefer to be informal? In most cases, it’s because of the sheer cost and difficulty of complying with the different regulations.

In Ludhiana, an accelerator programme is being run on the idea that a start-up is a blessing and local entrepreneurial ecosystems is putting a few established mid-size firms on the area on a fast-paced growth trajectory. This cohort of firms is being given access to the process to accelerate their business and as they find success, it creates excitement and inspires local actors—established industrialists and industry bodies, government, banks, and most of all other business owners.

Other problems like delayed payments and access to finance for entrepreneurs may require larger coalitions of stakeholders to work. There are several credit guarantee schemes in the country, but how do they get into the hands of entrepreneurs who need to maximize their reach. There should be a way to get parties together to figure out what is the best way to give a first-time entrepreneur a loan, without collateral?

POLICY SWITCHES
There are dots to connect, problems to solve. The question is: who will do the scaling? We believe that the government has the ability to bring in capital and take solutions to scale, bringing together academia, industry, solution providers and financial institutions.

And the need to work on an accelerated timeframe to power up small and medium enterprises is urgent. We are losing the manufacturing battle to China where it’s not just the high-tech equipment like television and cell phones that are flooding the market but also humble things like fuses and small gadgets. Why are these things coming from China? That is because they have fantastic entrepreneurs who are hungry to grow.

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In sum, we believe that now is the time to harmonize all the intent, insights and thought leadership into a framework that incorporates concerted actions and the ingredients to create an ecosystem for entrepreneurship to thrive. Solution providers—both in the government and the private sector—are coming up to solve for the challenges of scalability, cost, and skills. We have academia and non-profit working as ecosystem enablers providing insights and evidence-based models for growth. We have large private corporates and philanthropic and funding agencies ready to invest. It should be in the scope of a National Mass Entrepreneurship Mission to bring all of them together to work in mission mode so that the gap between thought leadership and action can finally be bridged.

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