

## IMPACT OF INDIAN GOVERNMENT POLICIES ON ENTREPRENEURSHIP

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### **KEYWORD**

ENTREPRENEURIAL,  
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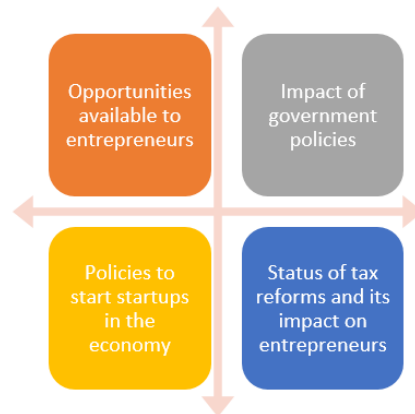
### **ABSTRACT**

**F**or the development of any country, it is necessary that the employment opportunities available for the people are best and equally available to everyone, most of the time it has been considered that providing employment opportunities to individuals is an utmost responsibility of the Government, although it is not always the job of the Government to provide employment, but the government should make such policies so that entrepreneurship is encouraged. Governments should make such policies so that it is easy for entrepreneurs to start start-ups. In this paper, we have compared the impact of policies of the Indian Government on Start-ups. To study the impact of Government policies on Start-ups, we have studied the opportunities available to Indian entrepreneurs at two different times. To study the impact of the policies of different governments, we have compared the policy of 2013 UPA government with the policy of today's BJP government and to keep the comparison completely unbiased, we have used data from "Global Entrepreneurship Monitor-GEM". GEM conducts

research and provides data related to Entrepreneurial environment across the world. GEM provide ratings to the economies based upon various factors related to entrepreneurship-friendly environment to the participating nations. According to the GEM report, currently India is having around 100 unicorns and the number of investors has increased to 9th times whereas total funding available to start-ups has increased to 7th times compared to last year only. If the situation is compared with 2013, then India has achieved unprecedented success, today India is among the best countries in the world in terms of entrepreneurship-friendly environment, whereas in 2013 it was nowhere.

## 1. INTRODUCTION

For the development of any country, it is necessary that the employment opportunities available for its citizens are best and equally available to everyone. Entrepreneurship plays a vital role in creating jobs and growth.



**FIGURE 1 AREAS OF DEVELOPMENT**

Hence it is the responsibility of the government to not only draft but also implement policies for the encouragement of start-ups. Governments should make such policies so that it will become easy for entrepreneurs to start start-ups, although there is a need to understand the role and impact of government policies on entrepreneurship.

In this paper, we have compared the policies of the Indian Government and its impact upon Start-ups. To study the impact of Government policies on Start-ups, we have studied the opportunities available to Indian entrepreneurs at two different times i.e. the policies of 2013 UPA government with the policy of present NDA government.

In 2013, there was UPA government in India, under the Prime Minister ship of Dr. Manmohan Singh; this was the second term of UPA. During the UPA government, which was in power for almost 10 years, it was said many times in many foreign economic reports and leading newspapers that there is policy paralysis in India. If we talk about the Indian economy in 2013, then the GDP at current market price in 2013 was Rs 113.55 crores. The same GDP growth of the Indian economy was 6.39% in the year 2013. Which was 0.93% more than its previous year, 2012.

The coalition government of that time was not able to take any major decisions in the public interest and the interest of the country. According to the report of the World Bank in terms of Ease of Doing Business, India at that time was at 134 position out of 189 countries. There is also a report of GEM which tells that the government of that time proved to be a miserable failure in the matter of structural reforms. All these had an impact on the economy of India as well as on the environment available for entrepreneurship here. This was the time when the world had moved towards 5G whereas scams of 2G and 3G were in news in India. Where the world had left digitalization behind India was waiting for the next generation of liberalization. Physical infrastructure development was also a big problem in India, the condition of the roads was very bad, even the efficient utilization and allocation of natural resources was not being done in a scientific way.

Many types of market regulations and industrial reforms were needed in the economy but everything was in a stage of policy paralysis. To start a new business, many government offices had to be visited. Cobweb of direct and indirect taxes was creating difficulties in creating a suitable environment for starting a new business. All this together created an environment which was not in favor for new entrepreneurs in the country.

Entrepreneurs and entrepreneurship are very important for the economy of any country. Whenever a new entrepreneur jumps in the market and start a new business then wealth creation happens, and at the same time new employment opportunities remove unemployment.

Due to the arrival of new entrepreneurs, there is no stagnation of capital at one place. Entrepreneurs hire new people or old skilled people in their startups, which leads to job creation, skills enhancement and capacity building. The living standard of all those people, who are associated with new entrepreneurs, directly or indirectly also improves.

At the same time, entrepreneurs find new opportunities for development with new ideas based on their own area and common resources available there. Due to which, there is a balanced development in all areas and no area is left behind. Opportunities available to entrepreneurs, impact of government policies, policies to start startups

in the economy, status of tax reforms and their impact on entrepreneurs. Before we start discussing the report, we should know something about GEM.

## 1.1 GLOBAL ENTREPRENEUR MONITOR-GEM

### Global Entrepreneur Monitor-GEM

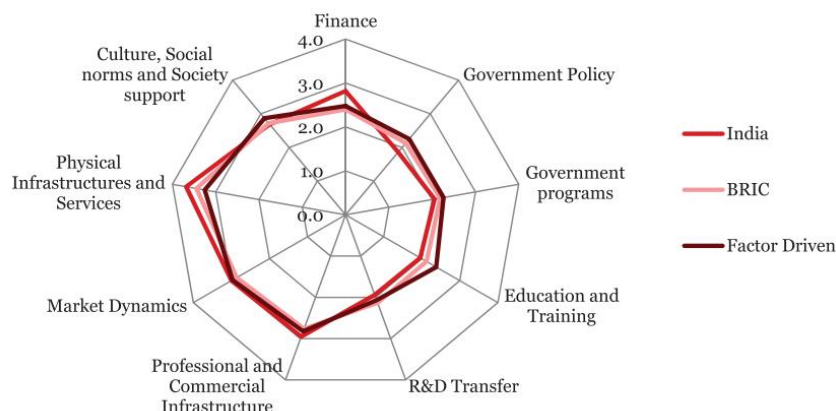


**FIGURE 2 GEM FACTORS**

Global Entrepreneur Monitor-GEM was started jointly by London Business School and Babson College. In its first report in the year 1999 GEM covered around 10 countries. According to the report of GEM in the year 2013, they covered approx. 90% of the GDP of the whole world in their survey as well as 75% of the world's population to study the opportunities available for entrepreneurship in different countries.

From the year 1999, every year GEM publishes its reports on this subject. It is the longest running study on entrepreneurship ever conducted. GEM conducts two types of surveys, one is APS i.e. “Adult Population Survey” and the other is NPS “National Expert Survey”. GEM randomly selects observers in its survey and also ensures that people must meet a minimum standard.

Most of these people are those who are either entrepreneurs or related to this field in one way or the other. That's why the feedbacks of these people are valid and authentic. Although, GEM takes feedback and provides data on many factors and all those factors are shown in figure two. We have used only two factors for the study, which are ‘Government Policy’ and ‘Government Programs’.



**FIGURE 3 ENTREPRENEURIAL FRAMEWORK CONDITIONS, INTERNATIONAL COMPARISON**

In the 2013 survey of NES, the Indian economy got a score of 1.9 in terms of Government Policies, while the Indian economy got a score of 2.1 in terms of Government Programs. It was much less than the global average of BRIC countries at that time as shown in the figure four. In terms of entrepreneurship, India's position was very pathetic in comparison to foreign countries.

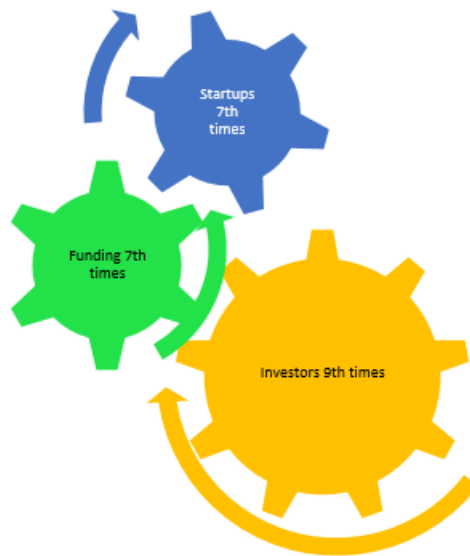
## 1.2. COVID-19

When COVID spread in the world in 2019, countries around the world started imposing lockdown in their respective countries to avoid COVID, due to which the economy of those countries suffered the most. India was also not untouched by this, COVID had a big impact on India too. The multi-stage lockdown brought all forms of productivity to a complete standstill. But due to the aggressive policies of the Government of India, the Indian economy bounced back equally fast.

If the year 2017-18 is compared to the year 2021-22, then TEA 'Total Entrepreneurship Activities' increased from 9.3% in 2017-18 to 14.41% in 2021-22. Due to the policy of the Indian Government, 83.4% of the people, during the survey of GEM, believed that the opportunities to start a new business are better than before. Around 82% people believe that starting a business in India has become very easy. Due to the policies of the Government of India and the tendency of continuous improvement, today India has reached the fourth rank in terms of ease of doing business in the world.

Apart from this, India has made phenomenal growth during the last 5 years in all the factors of GEM, where in the year 2013, India's position was at 134th place. Today, India has reached the fourth rank in the world. After the pandemic of COVID-19, India is the only country in the world which has done the best job in the world in

terms of ‘Ease of Doing Business’ and improving the economy. Perhaps this is the reason why investors in India have increased 9 times in the last 5 years. The funding of startups has increased 7 times. And the number of incubators has also increased 7 times.



**FIGURE 4 PILLARS OF DEVELOPMENT**

Meanwhile, after the pandemic of COVID-19, the field of digital education, the field of financial technology, health and well-being sectors, shared office space and remote working tools are some of the areas that have emerged due to startups growing in the Indian economy.

The Bharatiya Janata Party-led Government presented a blueprint of “India at 75” and “India at 100” in the Union Budget 2022. In which they cleared the future policies of the Indian government to a great extent.

This clarity in the policies of the Government increases new business opportunities and helps startups. Because, they know in which direction the government is thinking. Apart from this blueprint,

the Government of India has also talked about four pillars of development, first is development, second is productivity management, third is energy transitions and fourth is climate actions. Government of India launched many schemes during COVID to promote entrepreneurship.

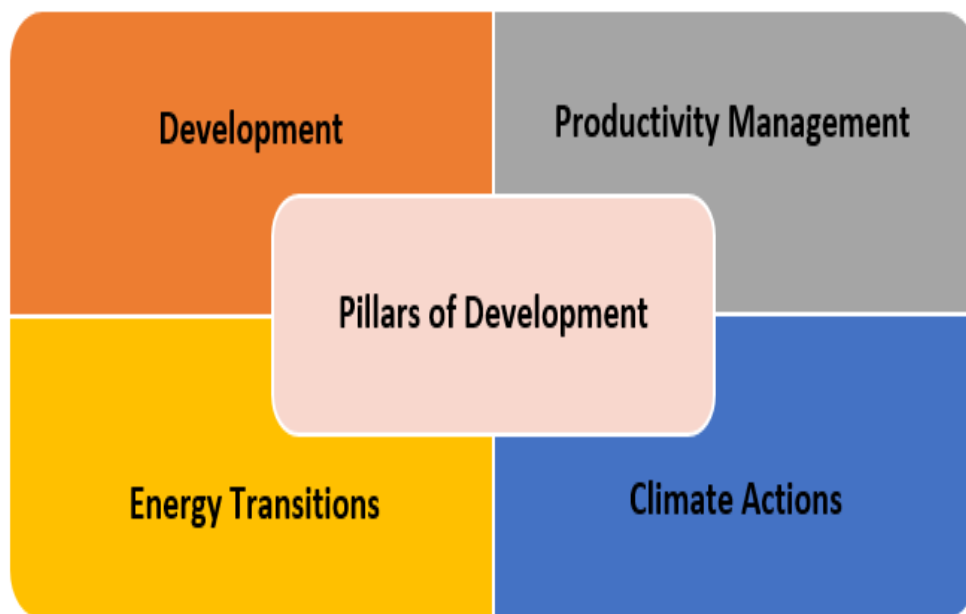
Recently, the Indian Finance Minister extended the tax holiday schemes till 30 March 2024. Work has also been done to provide financial assistance to startups through the MSME sector and with the help of several financial institutions.

## 2. OBJECTIVES OF THE STUDY

In this paper, we have done a comparative analysis of the impact of Indian government policies on entrepreneurship, for this we have done a comparison of Indian government policies of two different times with the help of data provided Global Entrepreneurship Monitor-GEM consortium. Attempts have been made to find out the impact of government policies on entrepreneurship.

## 3. LITERATURE REVIEW

Before writing this paper, we started searching various papers available on J-GATE website according to the resources easily available in the institution to find out the answer to the question of how to measure the various statistics of entrepreneurship and what are the opportunities for entrepreneurship in the economy.



**FIGURE 1 INCREASED MANIFOLDS**

After the study, no exact research paper or article related to this topic was found. Most of the papers were on various dimensions of entrepreneurship and on the economies of foreign countries so we made the basis of GEM report to check the entrepreneurship data in which

We studied the details of GEM report on Indian Economy for the year 2013 and 2022 as well as we also studied the global report of GEM for the year 2022-23, you will continue to get its analysis further in the paper.

## **4. RESEARCH METHODOLOGY**

### **4.1. DATA COLLECTION**

As in this paper the Indian government's policy and its impact upon entrepreneurship has been studied, so we have taken the data of the policies from the website of the Government of India. For the study of Entrepreneurship ratings the data has been taken from GEM's Indian economy report of 2013 and 2022. All types of data have been taken from secondary sources, primary data has neither been used nor needed.

### **4.2. PERIOD OF THE STUDY**

In this comparative analytical paper, the policy of two Indian Governments at different times and the entrepreneurial opportunities available in the economy has been studied. The first study is based on policies of the UPA Government specially based on the year 2013; and what was the impact of the policy on the entrepreneurial opportunities at that time and the second study is based on the policies of current Indian Government and its implication on entrepreneurial opportunities specifically based on the year 2022-23

### **4.3. TOOLS FOR ANALYSIS**

Since this paper relies on a comparative study, and the required data was already available on secondary sources which have only been systematically studied in a comparative manner any other detailed statistical tools was not required. However, various methods of control charts, histograms and spider web diagrams etc. were used for the purpose of policy comparison.

### **4.5. DATA ANALYSIS AND INTERPRETATION**

If we compare the situation from 2013 to today, according to the report of GEM, today India has got a score of 4.83 in the factor of Government Programs while GEM's average is 4.64. In the year 2013, India's score in this factor was 2.1 while the world's average at that time was 2.5. If we compare only the situation of India, then India's score has reached 4.83 from 2.1 and if we compare it with the average of global economies of that time, then in the year 2013 the average was 2.5 while India's score was 2.1. Which means India's performance was below average. Whereas at present the average is 4.64 and India's score is 4.83 means today India is performing better than average. Talking about government policies, in the year 2013, India's score was 1.9 and average was 2.5, while today India's score is 4.69 and average is 4.73.

Means in 2013, India was performing less than the average of that time in the field of government policies and taxation. While currently due to the Indian government policies, India is performing better than before. Apart from this, if we consider



another factor which is government concrete policy and support, although this factor was not there in 2013. But in the report for the year 2022-23, the global average in this factor is 4.3 while India's score is 5.31. Means the Indian government has done a very good job in the matter of reforms. Based on all these figures, it is proved that a good environment for entrepreneurship has been created in India due to the policy of the Indian government.

Here another interesting factor comes to the fore, in the study of entrepreneurship environment in India in GEM reports; they have also collected nation wise data and state wise data. If we talk about state-wise policies, then the policy of the central government is better than the policy of the states, to say this more authentically, I would like to draw attention to this data that where the score at the local government level in the survey was 4.96, the same at the national level was 5.51. In this factor, people were asked whether there are better opportunities available in the country to support entrepreneurship or which government's policy is more effective in the state.

#### **4.6. CONCLUSION**

Based on all these data, it is clear that the policies of the current Indian government have created a golden opportunity for entrepreneurship in India, so it can be clearly said that the policies of the governments have a great impact on the economy and entrepreneurship opportunities here. Currently, India is having around 100 unicorns. India has achieved unprecedented success; today India is among the best countries in the world in terms of entrepreneurship-friendly environment, just because of its entrepreneurship friendly policies.

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