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WOMEN ENTREPRENEURS THAT ENCOURAGES TO SET UP DIGITAL STARTUPS IN INDIA

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ABSTRACT:

In this golden age of globalization, digitalization and start-up booms, India is clearly seeing a revolution vis-à-vis women entrepreneurs. Women constitute around 14% of the total entrepreneurship in India. Today's women entrepreneurs do not come only from the established business families or from the higher-income sections of the population. They come from all walks of life and from all parts of the country. From running, sports media firms to construction companies and security and detective agencies-women are dabbling into

fields that have traditionally been bastions of male domination. Nowadays, Indian women are becoming digital women and they are doing extraordinary in their own way, by not only managing family and work both but also by contributing to the economic development of the country. Due to the increased level of education, they are reflecting their power in the start-up scenario. Women entrepreneurs are coming forward with their innovative and creative ideas for successful start-ups and achieving their dreams and aspirations in a man dominated world. Despite several hurdles like family obligation and funding issue, etc. women successfully challenged the world and made their own identity. This article is made an attempt on women entrepreneurs that encourages to set up digital startups in India.

KEYWORDS: Start-up, Women Entrepreneurs.

INTRODUCTION:

Start-up India is a flagship initiative of the Government of India, intended to catalyse start-up culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India. Launched on 16th January 2016, the start-up India has rolled out several programs intending to support entrepreneurs, build up a robust startup ecosystem and transforming India into a country of job creators instead

of job seekers.¹

To start with, the current women start-up ecosystem is encouraging. There is a significant trend in favour of entrepreneurs and start-ups. Investors willing start funding, and there dramatically increase incubation facilities and supportive start-up ecosystem. Simultaneously, the current scenario is also changing and has started to accept those women entrepreneurs as persistent, confident, knowledgeable, passionate and versatile abilities to run a business. Coupled with the freedom-risk taker, intellectual, creative, and personal and managerial competencies for

running their own enterprise, it is not surprising that more and more women are turning entrepreneurs, or that woman leaders are the fastest-growing segment of the self-employed entrepreneurs.²

Women entrepreneurs faced lots of problems like lack of education, social barriers, legal formalities, high cost of production, male dominated society, limited managerial ability, lack of self-confidence etc. Various factors, like Pull and Push factors influencing women entrepreneurs.

An entrepreneur is a person who starts a new business and

usually risks his own money to start the venture. Important characteristics of successful entrepreneurs include risk-taking, creativity, initiative, problem-solving, organizational skills, communication and independence. Women entrepreneurs may be defined as a “Woman or a group of women who initiate, organize and run a business enterprise”. Government of India has defined women entrepreneurs based on women participation in equity and employment of a business enterprise. Women entrepreneur constitutes 14% of the number of entrepreneurs in the country. This has been significant growth in self-employment of women with women now starting new ventures at three times the rate of men. They constitute 50% of the population of our country with a lower literacy rate than men. This statistical fact indicates that for the economic growth of the nation, women should be encouraged to make their share of economic contribution towards the country. One way of achieving is by making women come out and become entrepreneurs. In traditional society, they were confined to the four walls, playing household roles, but in modern society, they are coming out to participate in all sorts of activities. Usually, women entrepreneurship is found in the extension of their kitchen activities, mainly in preparing commercially the 3□P’s namely, Pickles, Papads and Powder. Few of them venture into the services industry relating to hospitality, catering, educational services, consultation or public relations, beauty clinics, etc. Women enter entrepreneurship due to economic factors which pushed them to be on their own and urge them to do something independently. Women prefer to work from their own work residence, difficulty in getting suitable jobs and desire for social recognition motivate them towards self-employment. We see a lot of women professionals in engineering, medicine, law etc. They are also setting up hospitals, training centres, etc. An enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated by the enterprise to women.³

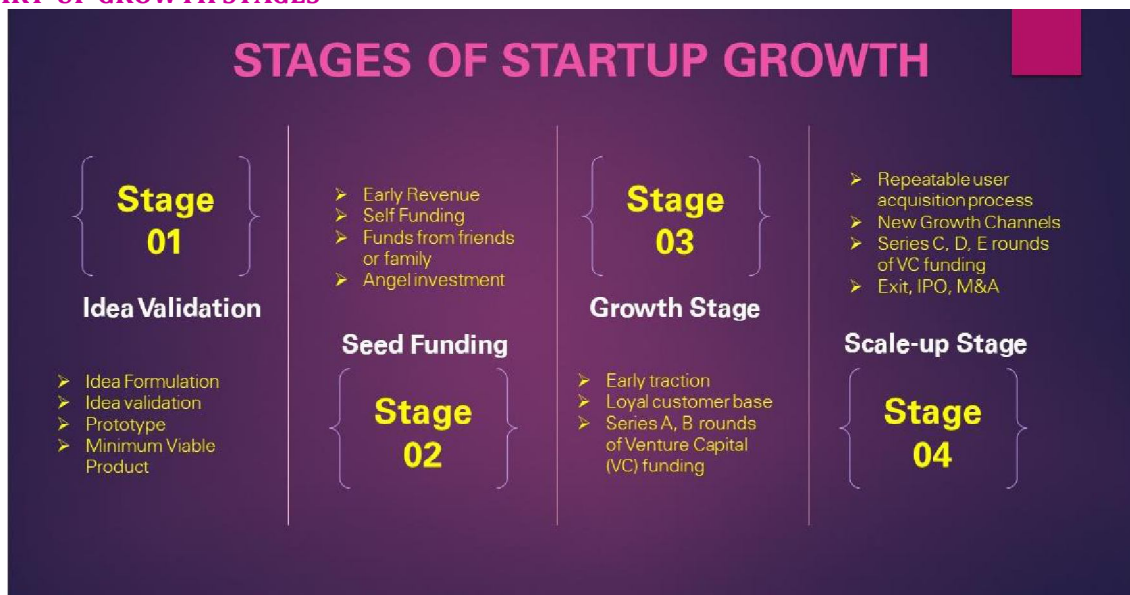
OBJECTIVES OF THE STUDY

The following objectives are:

- To study the start-up growth stages and start-up ecosystem in India.
- To identify the motivating factors that encourages women to set up digital start-ups.
- To study the quick factors of women entrepreneurs in start-ups India.

START-UP GROWTH STAGES AND START-UP ECOSYSTEM IN INDIA

START-UP GROWTH STAGES



Source: State Start-up Ranking Report 2018.

Concept or idea stage: The entrepreneur discovers a problem or identifies an opportunity that has business potential. Mentorship support for the entrepreneur is critical at this stage to ensure the business related activities are defined well and subsequent business plan is generated. At this stage, there is not much requirement of funding and typically founders tend to self-finance or bootstrap.

Pre-seed or Idea validation stage: Entrepreneur builds a probable solution in the form of a proof of concept or prototype with relevant assumptions. These assumptions are then validated with a small initial sample of the target audience for the product or service related feedback and response. The funding requirements are generally met by self-financing (bootstrapping), raising money from investors or Government grants for research or prototype development. Access to incubator and mentors at this stage helps in identifying and approaching early customers, building minimum viable product and determining product-market fit.

Seed Funding or early traction stage: Based on the feedback from early customers and mentors Insights, demand for product or service is identified. The customer retention rate confirms the early traction of the company and its product. Startup acquires more customers by actively seeking funds from crowdfunding agencies, angel investors or networks, incubators and seed grants from Government. The financing support at this stage supports the Start-up in escaping the valley of death for a period spanning from when a start-up firm receives an initial capital contribution to when it begins generating revenues.

Growth Stage or scaling stage: In this stage, most of the processes are defined and the business is firmly established. Entrepreneurs build a repeatable user or customer acquisition process, identifies channels of market growth and look for opportunities to expand the business to different geographies or markets. The expansion is backed by scale-up funding support from institutional investors such as Venture Capitalists (VCs) and acceleration programs.

Maturity or Exit stage: Many investors, promoters and founders look at the opportunity to exit and realize profits either through the partial or full sale of the business entity. The next set of investors may be identified as another entity in the same space looking to acquire the business and gain market share, or in some cases, Start-up may issue a public offer or entirely sell the business. Bank funds, private equity funds and IPO investors play a major role in financing such large deals for Start-ups.

START-UP ECOSYSTEM IN INDIA



Source: State Start-up Ranking Report 2018.

Major components of the Start-up ecosystem in India

Government policy and regulatory framework: In India, Central and State governments are playing an active role in Start-up ecosystem development. The key objectives of the Government are as follows:

- Spur entrepreneurial activity to accelerate job creation
- Create enabling environment by reducing regulatory burden and introducing new policies
- Build capacity through infrastructure creation and training
- Provide funding support and fiscal incentives
- Facilitate all members of the Start-up ecosystem to collaborate and connect

Regulations and archaic rules impede the growth of Start-ups. Government, through its ease of doing business initiatives and business friendly policies, is creating a conducive regulatory framework for Start-ups. Recently in October 2018, India made a staggering a record 53 rank jump in just two years to reach 77th position in the doing business ranking from World Bank.

Infrastructure support and Incubators: Entities such as Incubators are also important partners in the overall Start-up ecosystem which supports and accelerates successful development of businesses. It provides an array of business services, technology and infrastructure support including office space, mentoring and funding (equity or debt) through grants or investor networking opportunities. Key facts about the incubation landscape in India are as follows:

As per the data compiled within DIPP, as of November 2018, India has over 270 incubators and accelerators managed by academic institutes, corporate, private players and Government. Majority of these incubators are supported by Central and State Governments through capital and operational grants under several schemes.

As per a study by the National Association of Software and Services Companies (NASSCOM) in 2017, 40% of all incubators and accelerators are concentrated in Bangalore, Mumbai and Delhi-NCR. In the past 3-5 years, many large multinationals have set up incubator and accelerator programs. Corporates are seeking the latest in innovation and offering technical expertise to take Start-up solutions to the next level. Large corporate has collaborated with Government and academia at T-Hub, Hyderabad. International and Indian Corporates also run their dedicated incubator and accelerator programs in India.

Funding and finance: Investors play a pivotal role in bridging the funding needs of a Start-up. They nurture, invest and mentor Start-ups to make measurable returns and typically remain invested with a Start-up for minimum 3-4 years. Depending on the stage of a Start-up, the investor types are:

Angel: An angel investor is an affluent person or a high net worth individual who provides initial capital to the Start-up at its infancy stage.

Early stage investor: Institutional investors come in at early growth stage of a Start-up when the product is ready and it has been validated. This money is used to fuel business growth.

Late stage investor: Venture capitalists or private equity firms invest in Start-ups at the growth or late stage. By this time Start-up has reaped some revenues and gained market traction.

Culture: India is a young nation with an average age of 29 years. Our youth need to be encouraged to venture out and build successful enterprises. The word FAIL needs to be redefined as First Attempt in Learning to inculcate the culture of risk and failure. Consistent efforts by the Government are bringing cultural transformation in India and now there is definite growth in the number of Start-ups from Tier-I and Tier-II cities in the country.

Mentors, advisors and support systems: Several mentor organizations and groups such as The indUS Entrepreneurs (TiE) and Bhartiya Yuva Shakti Trust (BYST) are working together to take the spirit of entrepreneurship to each district. Start-up India has also created a vast pool of experienced mentors on the online hub for the benefit of Start-up community.

Universities as a catalyst: Major Universities are promoting a culture of respect for entrepreneurship by including the courses in their curriculum, setting up technology and business incubators, setting up entrepreneurship cells, providing sustenance allowance to student entrepreneurs, introducing break year concepts and deferred placements.

Human Capital and workforce: Human capital and workforce is a pivotal ecosystem pillar for company growth. Access to management and technical talent is a key requirement of Start-ups. Nearly all Start-ups have to bargain a lot and offer highly competitive compensation to attract trained and experienced talent. In the absence of trained human capital, Start-ups have to invest substantially to provide in-house training to employees. Thus, Government has a significant role to play in mapping the resource pipeline for Start-ups and launching skilling and training programs both in management and technical fields. Government initiatives such as Skill India and online learning and development programs are contributing in this direction. The training needs are also being addressed at educational institutes at pre-university and university level by the introduction of entrepreneurship specific training, dedicated programs on new technologies such as Artificial Intelligence, Machine Learning, Internet of Things (IoT), etc.

Local and global markets: In India, there is a large consumer market with increasing disposable income. The government itself is the major procurer in the country, especially in agriculture, defence and social sectors. In this direction, the Government has enabled Start-ups to participate in public tenders to ensure they have access to large demand.⁴

MOTIVATING FACTORS THAT ENCOURAGES WOMEN TO SET UP DIGITAL START-UPS

Women have held a very important social, political and economic role in India. Modernizing this role and giving a kind of shape of entrepreneurship have brought lot of structural and transformational reforms in the country. Encouraged by fast emerging group of successful women entrepreneurs, NITI Aayog has launched 'Women Entrepreneurial and Innovation Cell' which offers financial support Rs.10,000 crore funds under the scheme Fund of Funds, Mudra microloan scheme and mentorship to women entrepreneurs. Besides, Government and No-Government bodies are increasing their attention towards women's contribution to economic development by launching various operated by different department and ministries. The following are the key points which motivate women entrepreneur to go for start-ups.

Global Reach: The world has turned into a small village because of digital revolution. Digital marketing helps women entrepreneurs to get global exposure for their start-ups and to achieve fastest business growth.

Greater Flexibility: The flexibility of digital marketing lets women entrepreneurs conduct their business entirely on the internet. Many women entrepreneurs enjoy the flexibility to work from home specifically in the field of content development, sales, recruitment, lead generation and travel packaging, among others that just require a strong internet connection, a laptop and a mobile phone.

Huge return on investment: Digital marketing offers a markable return on small investments. Advertising through social media platforms cost less when compared to traditional marketing techniques. It is a proven way to reach a targeted audience with the most cost-effective way.

Absence of Middlemen: Digital marketing is making the globe come closer by helping the buyers meet the sellers and vice versa. There is no scope for middlemen who increase the transaction costs.

Ease in Communication: Business communication under digital marketing is easy. Women entrepreneurs can do transactions without stepping out of their home. They are generating business through WhatsApp, Facebook, Instagram and many other social media platforms.

Fastest processing of transactions: Executing transactions under digital marketing is easy and nearly instant online. The transactions are effortlessly executed with digital payment services.⁵

QUICK FACTS OF WOMEN ENTREPRENEURS IN START-UPS INDIA

- Women constitute 48.9% Indians
- Of all directors of start-ups 35% are women
- Women constitute 14% of total entrepreneurs in India
- About 58% women entrepreneurs started their business between ages of 20 and 30
- About 25% women started their business even before turning 25
- About 73% women entrepreneurs report revenue of under Rs.10,00,000 in a financial year
- About 35% women entrepreneurs had a co-founder
- About 71% women employ around 5 or less people and
- Top 5 Indian cities with women entrepreneurs: Bangalore, Delhi-NCR, Chennai, Mumbai, Hyderabad.⁶ The Population spread in India during the years 1951 to 2019 is presented in Table-1.

Table 1: Population spread in India during the years 1951 to 2019

(in Percentage)

Year	Male	Female
1951	51.38	48.61
1961	51.51	48.48
1971	51.81	48.18
1981	51.71	48.28
1991	51.90	48.09
2001	51.73	48.26
2011	51.47	48.52
2019	51.80	48.20

Source: <https://www.startupindia.gov.in/content/sih/en/women-entrepreneurs.html>

From Table-1, the percentage of population of female and male seems slight variation during the years 1951 to 2019. From Table-1, we can observe that variation in the percentage of population of female is more when compared to variation in the percentage of population of male.

CONCLUSION

From technology to finance, and from art to retail, women as start-up owners are expanding their presence, making the most of every opportunity. As a country with the largest population of youth and one of the fastest-growing entrepreneurial ecosystems, women are strongly set to mark their ground and drive the growth, in perfect partnership with their male counterparts. Entrepreneurship is a learning experience and even the most successful business owners have had to learn new things throughout the development of their company. Entrepreneurial activity creates growth, prosperity and solutions for social problems. And today's trends show that women will be a driving force of entrepreneurial growth in the future. So, there is need for more initiatives by the government to help women climb the entrepreneurship ladder in India.

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