Entrepreneurial Framework Conditions in India: Perception of National Experts

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Abstract

The Entrepreneurial Framework Conditions (EFCs) of a country playsthe role of catalyst for the entrepreneurial activities. The availability of finance, government programme, market dynamics, policy measures, educational pattern and socio-cultural factors are some of the constituents of the EFCs. The present paper aims at identification of weaknesses and strengths of entrepreneurial framework conditions (EFCs) and how these conditions influence entrepreneurshipdevelopment in India. The data was collected from 72 national experts. Identification of Experts was carried out as per Global Entrepreneurship Monitor (GEM) guidelines, keeping in view nine EFCs. To understand the entrepreneurial framework conditions in India, the data of GEM India 2012 was compared with GEM India 2001 and 2002 as well as with the highest ranking countries of GEM 2012. The results suggest that out of 12 conditions, only 5namely 'Financial Environment', 'Commercial & Service Infrastructure', 'Market Dynamics', 'Physical Infrastructure' and 'Cultural and Social Norms' are adequate for entrepreneurs.Thoughprimary and secondary education is the worst valued condition,it seems to show early signs of improvement.

Key Words:Global Entrepreneurship Monitor (GEM), Entrepreneurial Framework Conditions (EFCs), Factor-driven, Efficiency-driven, Innovation-driven, Adult population Survey (APS), National Expert Survey (NES)

Introduction

Venture creation and entrepreneurship are increasingly recognized for their contribution to economic regeneration, regional economic development and employment generation. An economy's entrepreneurial activity depends on a variety of factors: the availability of capital; the

amount of focus brought to bear on building up entrepreneurial skills in educational programmes; the general thrust of national bankruptcy laws; the administrative burdens imposed on new enterprises by the state; and capability of research environment for converting new inventions into saleable products. Therefore, entrepreneurship is a complex and multifaceted phenomenon; no single measurement can capture the entrepreneurial landscape of a country. It requires a holistic approach to study entrepreneurship and entails a comprehensive set of measurements aimed at describing several aspects of a country's entrepreneurial make-up.

The present paper contributes to our understanding of entrepreneurial dynamics by focusing on the heterogeneity of entrepreneurial ecosystem across India. For entrepreneurship to function, it must necessarily interact with the nation's political, economic and social environments within which it exists. It follows therefore, that in order to undertake any useful study of entrepreneurship, it is first necessary to have a clear understanding of the variables affecting it, giving form to the entrepreneurial process and thereby, to its relationship with the nation's economic growth. The studies in this area suggest that entrepreneurship framework conditions (EFCs) of the country affect the entrepreneurial activity (Bosma et al., 2008; Levie and Autio, 2008; Audretsch 2007;Acs, 2006; Reynolds et al. 2005; Carree and Thurik, 2003).To understand this, Global Entrepreneurship Monitor (GEM) defined a conceptual model that sets out key elements of the relationship between entrepreneurship and economic growth and the way in which these elements interact with each other.

Since the first GEM study in 1999, the contextual analysis was considered a significant issue as the entrepreneurial activity is highly determined by the state of the institutional and framework conditions. Since the beginning, GEM began to collect information on entrepreneurship, it was also considered critical to get relevant information on the state of the institutions and conditions that can determine the state of the framework in which entrepreneurs develop their activities. GEM developed its own information tool to uncover this part through the National Experts

Survey (NES). NES captures qualitative data on exogenous factors that influence entrepreneurial activity in a given national context.

The GEM Model 2012

The GEM model(See Figure 1) indicates the institutional environment and its relationship with entrepreneurship and economic development. This model suggests that the two sets of conditions i.e. *basic requirements* and *efficiencyenhancers*increase entrepreneurial activity within the society. In addition to it, nine entrepreneurship framework conditions influence individuals' choices to pursue entrepreneurial initiatives and entrepreneurship profilein different economies.

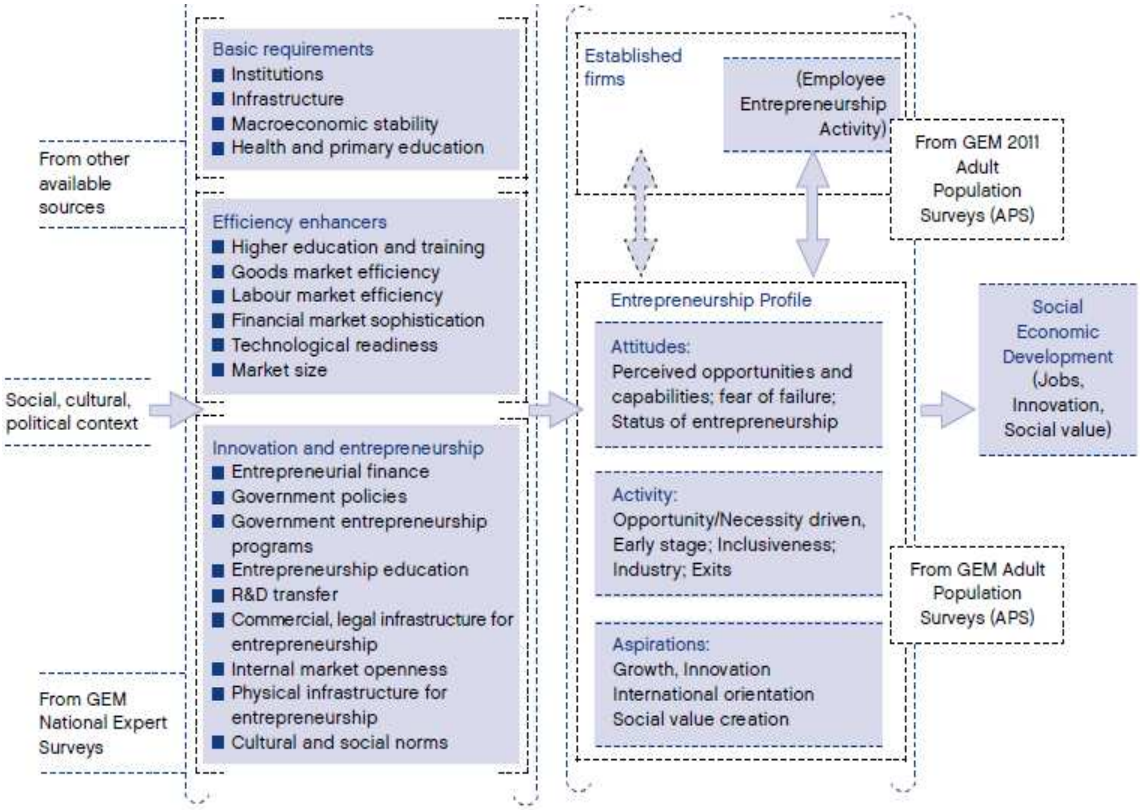

Fig. 1: Global Entrepreneurship Model 2012

GEM has classified the economies as factor-driven, efficiency-driven, or innovation-driven(See Annexure-1). These categories are based on the World Economic Forum's(WEF) *Global*

Competitiveness Report, which identifiesthree phases of economic development based on GDP percapita and the share of exports comprising primary goods (GEM Report 2012).

According to the WEF, the factor-driven phase is characterized by subsistence agriculture and extraction businesses, with a heavy reliance on (unskilled) labour and natural resources. The focus of development efforts tends toward building a sufficient foundation of basic requirements. In the efficiency-driven phase, an economy has become more competitive with further development accompanied by industrialization and an increased reliance on economies of scale, with capital-intensive large organizations becoming more dominant. This phase is generally accompanied by improved (and improving) basic requirements, and attention is then directed toward developing the efficiency enhancers. In the innovation-driven phase,businesses are more knowledge-intensive, and the servicesector expands. While entrepreneurship and innovationfactors are more dominant in this phase, it must benoted that these conditions rely on a healthy set of basicrequirements and efficiency enhancers (GEM Report 2012).

Entrepreneurial Framework Conditions

It is clear from the aforesaid discussion that the entrepreneurial framework conditions of an economy are one of the important variables of GEM theoretical model. The nine components identified by the global consortium of experts and used consistently for assessing the entrepreneurial framework conditions of nations are as follows:

1. **Finance**: The availability of financial resources, equity and debt for small and medium enterprises (SMEs) (including grants and subsidies).
2. **Government policies**: The extent to which taxes or regulations are either size-neutral or encourage SMEs.

3. **Government programs**: The presence and quality of direct programs to assist new and growing firms at all levels of government (national, regional, municipal).
4. **Entrepreneurial education and training**: The extent to which training in creating or managing SMEs is incorporated within the education and training system at all levels (primary, secondary and post-school).
5. **R&D transfer:** The extent to which national research and development will lead to new commercial opportunities and is available to SMEs.
6. **Commercial and professional infrastructure**: The presence of property rights and commercial, accounting, and other legal services and institutions that support or promote SMEs.
7. **Entry regulation**: It contains two components: (1) Market Dynamics: the level of change in markets from year to year, and (2) Market Openness: the extent to which new firms are free to enter existing markets.
8. **Physical infrastructure and services**: Ease of access to physical resources i.e. communication, utilities, transportation, land or space, at a price that does not discriminate against SMEs.
9. **Cultural and social norms**: The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income.

While all the nine framework conditions were retained in the Experts Survey of 2012, some changes were made in the analysis. Based on factor-analysis GEM have further classified nine framework conditions into twelve. Government policies are split into two namely,'Government Policy Priority & Support' and 'Government Policy Bureaucracy & Taxes'. Similarly, Entrepreneurial education and training is divided into two i.e. 'Entrepreneurial Education at Primary and Secondary Level' and 'Entrepreneurial Education at Professional & Vocational Level'. Further, Entry regulation is split into two namely 'Internal Market Dynamics' and

'Internal Market Burdens' Thus, the dimensions of entrepreneurial framework conditions explored in the Experts Survey of 2012 and analyzed and presented in this paper are twelve in all.

Objectives

The purpose of the paper is to explore that how certain framework conditions influence entrepreneurship in India. It is obvious that entrepreneurship is important for a country's economic growth and for employment generation. But which conditions should be present to stimulate an increase in entrepreneurial activity? Which conditions are adequate in India and which are not? If certain conditions are inadequate, what can be done in order to create better conditions? Entrepreneurial activity is influenced by general as well as specific business factors; in this paper focus is on the specific factors, called framework conditions.

Thus, the paper has three main objectives: first,

1. To assess the status of entrepreneurial framework conditions (EFCs) in Indian scenario;
2. To understand the impact of entrepreneurial framework conditions on the development of entrepreneurship in India;
3. To identify the possible areas for interventions so that entrepreneurship can be increased and/or encouraged in India.

Method

The main objective of GEM is to provide dataon entrepreneurship that will be utilized for making meaningfulcomparisons, both within the nation as well as across the globe.. For this reason, the GEM data is gatheredannually and derived from two main sources, namely (1) Adult Population Survey (APS), and(2) National Experts Survey (NES). The APS provides information regarding the level of entrepreneurial activity in the country whereas; the NES givesinsights into

the entrepreneurial startupenvironment in each economy/country with regard to the nineentrepreneurial framework conditions.Regarding the methodology, it is important to mention here that the present paper is based on National Expert Survey of India GEM 2012.

The National Experts Survey (NES) Questionnaire

The National Experts Survey questionnaire includes three sections. First section consists of 20 blocks of closed items to be rated on a five-point rating scale ranging from 1 to 5 for each item. Each block has 6, 5, or 4 items to be scored. This section included 9 Entrepreneurial Framework Conditions (Financing for entrepreneurs, Government policies, Governmental programs, Entrepreneurialeducation &training, R&D transfer, Commercial&professional infrastructure, Internal market dynamics, Physical and service infrastructure and Cultural and social norms) and 11 other important issues(Opportunities to start up, Abilities, knowledge to start up, Entrepreneur social image, Intellectual property rights, Women's support to start up, Attention to high growth, Interest in innovation, Immigration and entrepreneurship, Team on business relations, Entrepreneurship and youth & young adults). Second section contains space to briefly write and report about 3 constraints, 3 supports for entrepreneurship and 3 recommendations to improve the conditions. Finally, section three includes background information of experts (gender, age, educational attainment, professional training, job description, experiences, areas of expertise and experts' domain).

Reliability of the Information

GEM usedthe Cronbach's Alpha as a measure of reliability of the information of the National Experts Survey. Cronbach's Alpha is a coefficient of reliability andit is commonly used as a measure of the internal consistency or reliability of blocks. Each block of items of the NES questionnaire was designed on the basis of a construct to measure the state of a framework condition. Cronbach's alpha is widely believed to indirectly indicate the degree to which a set of items measures a single one-dimensional construct.

The latent variable is calculated applying a Principal Component Analysis (PCA). Principal component analysis is a mathematical procedure that uses an orthogonal transformation to convert a set of observations of possibly correlated variables into a set of values of linearly uncorrelated variables called principal components. After applying a PCA, some of blocks result in 1 principal component or latent variable and others in 2, 3, or 4 principal components or latent variables.They are calculated on the basis of all the responses of all the experts of all participating nations, as the principal component needs all the observations to be applied.An analysis of GEM global data for the year 2012 has shown that the measures of these twelve framework conditions had very high reliability indices. It was also observed that inter- item correlationsof these twelve variables were high, thereby indicating that they could all be related to a common phenomenon(See Table 1).

Table 1: Dimensions, Number of Items, and Cronbach Alpha

Blocks	Variables	No. of items	Range of Score	Cronbach Alpha
A	Financial environment	6	6 - 30	0.80
B1	Government Policy Priority & Support	3	3 - 15	0.77
B2	Government Policy Bureaucracy & Taxes	4	4 - 20	0.75
C	Government Programme	6	6 - 30	0.83
D1	Education at Primary and Secondary Level	3	3 - 15	0.83
D2	Education: Professional & Vocational	3	3 - 15	0.82
E	R & D Transfer	6	6 - 30	0.81
F	Commercial & Service Infrastructure	5	5 - 25	0.81
G1	Market Openness: Internal Market Dynamics	2	2 - 10	0.91
G2	Market Openness: Internal Market Burdens	4	4 - 20	0.76
H	Physical Infrastructure	5	5 – 25	0.79
I	Cultural and Social Norms	5	5 – 25	0.88

Sample

In all, 175 national experts were identified, approached and requested for data collection and their consent was sought. Identification of Experts was done as per GEM guidelines, keeping in view nineEntrepreneurship Framework Conditions (EFCs). Data was collected using e-mails and speed post, followed by face-to-face as wll as telephonic interviews. From 85 responses complete in all respect that were obtained, 72 were chosen for submission to GEM, as against requirement of 36. These responses included 29 face –to-face interviews and 43 telephonic / e-mail interviews. The experts were selected by purposive sampling method; however, so as to justify the sample representation, experts were selected from all five regions (See Table 2).

Table 2: Regional Distribution of Experts is given in table below:

Regions	**No. of Experts**	**Percentage**
North (New Delhi, UP, Rajasthan, Haryana, J&K**)**	**22**	**31**
South (Karnataka, AP, TN**)**	**14**	**19**
East (WB, Bihar, Jharkhand**)**	**05**	**07**
West (Gujarat, Maharashtra**)**	**26**	**36**
Centre (MP, Chhattisgarh**)**	**05**	**07**
Total	**72**	**100**

***Note: 72 Experts from 15 States/24 Cities**

Job descriptionof Experts

As far as the job description of experts is concerned, they were working as Directors (32%), General & Senior Managers (20%), Researchers& Editors (10%), CEOs & CMDs (10%), Advisor & Consultant (8%), Vice Chancellor & President (8%), Scientist & R&D officers (7%) and IAS, IPS & IES (4%) (See Table:3).

Table 3: The job description of experts are given below

S.N.	Current job description	Frequency	Percent
1.	Sr. Director, Director, Executive Director, Managing Director, Joint Director & Dy. Director	23	32.2
2.	General Manager, Sr. Manager & Manager	14	19.6
3.	Academic, Research & Editor (Media)	8	10.2
4.	CEO, CMD	7	9.8
5.	Advisor , Consultant &Department Head	6	8.4
6.	President, Vice President & Vice Chancellor	6	8.4
7.	Scientist, R&D officers and Retired Government Officer	5	7.0
8.	IAS, IPS & IES	3	4.2
	Total	**72**	**100**

Results

The GEM research that had started with nineframework conditions expanded to 12 this year. In the present study, a comparison was made to understand the entrepreneurial framework conditions of India and with this objective data of GEM India 2001 and 2002 was used to assess whether Indian scenario has positive signs or not. An effort was also made to understand our strengths and weaknesses by comparing India 2012 data with highest and lowest ranking countries of GEM 2012.

Financial Environment

The financial environment indicates the condition of equity funding, debt funding, government subsidies, private funding, venture capitalist funding, funding available through initial public offerings (IPOs) for new and growing firms.India ranks above 3 points on following three

components offinancial support: (1) availability of equity funding for new/growing firms, (2) availability of debt funding for new/growing firms (3) availability ofgovernment subsidies for new/growing firms. On the other three componentsIndia is above the 2.5 points (see Table 4). Even though availability of fund from private individuals(other than founders) and through initial public offerings (IPOs) are rated slightlyhigher, it is showing adeclining trend. It is perceived that fewer funds will be available from both the sources for promoting start-up. India ranks above average on financial supports. The results indicate that the Indian experts considered this condition in a relative good state. Although India scores significantly higher than the lowest ranking countries but the scores of the highest ranking countries indicate that there is still room for development.

Table 4: Financial Environment (2012)

Factors	India 2001	India 2002	India 2012	Lowest 2012	Highest 2012
There is sufficient equity funding available for new and growing firms	3.14	2.67	3.22	1.74 Greece	3.88 Malaysia
There is sufficient debt funding available for new and growing firms	3.54	3.21	3.37	1.50 Greece	3.88 Malaysia
There are sufficient government subsidies available for new and growing firms	3.14	2.97	3.21	1.39 Palestina	4.11 Singapore
There is sufficient funding available from private individuals (other than founders) for new and growing firms	3.22	3.15	2.88	1.60 Greece	3.43 Singapore
There is sufficient venture capitalist funding available for new and growing firms)	NA	2.33	2.86	1.45 EL Salvador	3.53 Malaysia
There is sufficient funding available through initial public offerings (IPOs) for new and growing firms	3.18	2.88	2.87	1.26 Greece	3.52 Malaysia

Government Policies, Priority and Support

Government Policy Priority & Support is devoted to understand the priority and support of government for new and growing firms. There is significant improvement in thegovernment policy for new firms as perceived by theexperts (see Table 5). Most of the components inthis dimension have been rated higher than the 2001 and 2002 ratings.The result indicates that experts reported the situation as neither bad nor good. However, India is far behind the highest ranking countries.

Table 5: Government Policies, Priority and Support (2012)

Factors	India 2001	India 2002	India 2012	Lowest 2012	Highest 2012
Government policies (e g , public procurement) consistently favour new firms	2.06	1.74	2.72	1.40 Greece	3.50 Korea SR
The support for new and growing firms is a high priority for policy at the national government level	2.58	2.59	3.11	1.83 Greece	3.97 Tunisia
The support for new and growing firms is a high priority for policy at the local government level	2.75	2.53	2.96	1.56 Greece	3.82 Singapore

Government Policies,Bureaucracy, Taxes

Government Policy, Bureaucracy and Taxes includes permits and licenses, taxes burden, government regulations, and coping with government bureaucracy, regulations, and licensing requirements for new and growing firms. The India 2012 scores are higher incomparison with the India 2001 and 2002 ratings (See Table 6). However, these scores are lower than the highest ranking nation of GEM-2012 on allthe components of this dimension and it is especially poor on

the perception of 'new firms getting their permits and licenses in abouta week' (1.54 out of 5). Thus, thepolicy environment in India created by regulations,taxes, permits, licenses etc. are still not perceived tobe favorable for new venture creation. The problem may be thetime-lag between the announcements and itsimplementation, especially because the latter occurs under highly bureaucratic environment. This may be the reason why Indian experts have given the lowest rating to the ease ofgetting permits and licenses.

Table 6: Government Policies Bureaucracy, Taxes (2012)

Factors	India 2001	India 2002	India 2012	Lowest 2012	Highest 2012
New firms can get most of the required permits and licenses in about a week	1.36	1.21	1.54	1.25 Argentina	4.06 Singapore
The amount of taxes is NOT a burden for new and growing firms	2.47	2.42	2.24	1.61 Bosnia& HZ	4.26 Singapore
Taxes and other government regulations are applied to new and growing firms in a predictable and consistent way	2.56	2.53	2.86	1.50 Argentina	4.11 Singapore
Coping with government bureaucracy, regulations, and licensing requirements it is not unduly difficult for new and growing firms	NA	NA	2.31	1.43 Brazil	3.79 Tunisia

Government Programs

Government Programme refers to government assistance that can be obtained through contact witha single agency, supports from science parks and business incubators, number of government programs, competent and effective government agencies, and access of government program for new and growing firms. The overall rating of India 2012 for government programmes is significantly lower than the highest rankingcountry of GEM 2012. Two

components of this dimension i.e. both, 'a wide range of government assistance for new and growing firms can be obtained through contact with a single agency' and 'almost anyone who needs help from a government program for a new or growing business can find what they need' are rated low. Though India 2012 ratings of above two components are better than India 2001 and 2002, absolute scores on these items are below midpoint of the scale. Hence, the 'improvement' over the years needs to be evaluated with caution.

Table 7: Government Programs (2012)

Factors	India 2001	India 2002	India 2012	Lowest 2012	Highest 2012
A wide range of government assistance for new and growing firms can be obtained through contact with a single agency	2.20	2.29	2.33	1.42 Greece	3.43 Austria
Science parks and business incubators provide effective support for new and growing firms	2.67	2.68	3.31	1.69 Iran	4.15 Germany
There are an adequate number of government programs for new and growing businesses	2.47	2.76	3.42	1.77 Palestine	3.86 Singapore
The people working for government agencies are competent and effective in supporting new and growing firms	2.19	1.94	2.53	1.40 Greece	3.80 Austria
Almost anyone who needs help from a government program for a new or growing business can find what they need	1.83	2.00	2.37	1.50 Iran	3.42 France
Government programs aimed at supporting new and growing firms are effective	NA	NA	2.57	1.74 Greece	3.53 Germany

EntrepreneurialEducation at Primary and Secondary Level

Table 8 contains the ratings of the experts on entrepreneurialeducation at primary and secondary level. It indicates integration of creativity, self-sufficiency, personal initiative, market economic principles, attention to entrepreneurship and new firm creation in primary and secondary education. It is obvious that this tabledoes not bring much significant difference for this dimension. Two itemsin this scale have scores below 2 points which means that the experts feel that the primary andsecondary level education system in India is not capable ofcreating entrepreneurial orientation among school students. The comparisons between India 2012 data with the highest ranking countries suggest that immediate intervention in this regard is required.

Table 8: EntrepreneurialEducation at Primary and Secondary Level (2012)

Factors	India 2001	India 2002	India 2012	Lowest 2012	Highest 2012
Teaching in primary and secondary education encourages creativity, self-sufficiency, and personal initiative	1.92	1.76	2.29	1.32 Egypt	3.51 Netherlands
Teaching in primary and secondary education provides adequate instruction in market economic principles	1.72	1.44	1.89	1.33 Egypt	3.24 Netherlands
Teaching in primary and secondary education provides adequate attention to entrepreneurship and new firm creation	1.64	1.29	1.67	1.18 Egypt	2.70 Norway

Entrepreneurial Education at Vocational, Professional, College and University

'Entrepreneurial level of education at Vocational, Professional, College and University' measures to what extent colleges and universities, business and management education, vocational, professional, and continuing education systems provide the required academic inputs for initiating and growing new ventures. The first item in the table shows that our colleges and universitieseducation is rated fairly higher than the India 2001 and 2002 ratings. However,

experts have rated it below 2.50 (See Table 9). One cannot be very sure aboutthe extent to which this item promotes entrepreneurship.

Table 9: EntrepreneurialEducation atVocational, Professional, College and University (2012)

Factors	India 2001	India 2002	India 2012	Lowest 2012	Highest 2012
Colleges and universities provide good and adequate preparation for starting up and growing new firms	2.06	2.09	2.24	1.89 Greece	3.25 Netherlands
The level of business and management education provide good and adequate preparation for starting up and growing new firms	3.33	3.53	2.99	1.88 Egypt	3.64 France
The vocational, professional, and continuing education systems provide good and adequate preparation for starting up and growing new firms	NA	NA	2.97	1.82 Egypt	3.67 Austria

R&D Transfers

The component 'R & D transfer' inquired about the extent to which national research and development will lead to new commercial opportunities and is available to SMEs. Experts have rated India 2012 higher than the previous ratings (2001 & 2002) on all the factors except one (See table 10). The item 'thecountry has world-class R&D technology in at leastone sector' was given a relatively low rating by experts. India 2012 average score is alsolower than the highest ranking country of GEM-2012. Itwould probably imply that even if the country hasgood R&D institutions, it may not necessarily meanthat the required technology will be effectively transferred toenterprises and commercialized.

Table 10: R&D Transfers (2012)

Factors	India 2001	India 2002	India 2012	Lowest 2012	Highest 2012
New technology, science, and other knowledge are efficiently transferred from universities and public research centres to new and growing firms	2.00	1.94	2.35	1.50 Egypt	3.74 Switzerland
New and growing firms have just as much access to new research and technology as large, established firms	2.24	1.82	2.45	1.44 Iran	3.56 Switzerland
New and growing firms can afford the latest technology	2.31	2.03	2.38	1.52 EL Salvador	3.43 Switzerland Italy
There are adequate government subsidies for new and growing firms to acquire new technology	2.33	2.24	2.76	1.37 Zambia	3.38 Netherlands
The science and technology base efficiently supports the creation of world-class new technology-based ventures in at least one area	3.11	3.53	2.88	1.71 Malawi	4.26 Norway
There is good support available for engineers and scientists to have their ideas commercialized through new and growing firms	NA	NA	2.70	1.34 Angola	3.68 Switzerland

Professional and Commercial Infrastructure

Commercial & Service Infrastructure indicatesthe availability and access of enough subcontractors, suppliers, consultants and professional legal and accounting services to support new and growing firms. The commercial, legal andprofessional infrastructure of the country is

ratedabove 2.50 points (see Table 11). According to experts, the adequacy (quality) ofthe suppliers and subcontractors has improved, buttheir affordability has gone down. In general, it can be said that the cost of commercial and professional infrastructure is increasing and it could be difficult for Indian newventures to get suppliers, subcontractors andservices (legal, accounting, banking, etc.)inadequate numbers and at affordable prices.

Table 11: Professional and Commercial Infrastructure (2012)

Factors	India 2001	India 2002	India 2012	Lowest 2012	Highest 2012
There are enough subcontractors, suppliers, and consultants to support new and growing firms	3.14	3.35	3.39	2.44 Ethiopia	4.23 Netherlands
New and growing firms can afford the cost of using subcontractors, suppliers, and consultants	2.97	2.70	2.72	1.97 Jamaica	3.13 Netherlands Algeria
It is easy for new and growing firms to get good subcontractors, suppliers, and consultants	3.03	2.97	2.99	2.25 Thailand	3.69 Switzerland
It is easy for new and growing firms to get good, professional legal and accounting services	2.64	3.56	3.32	2.50 EL Salvador	4.19 Norway
It is easy for new and growing firms to get good banking services (checking accounts, foreign exchange transactions, letters of credit, and the like)	3.65	3.56	3.30	2.00 Japan	4.29 Macedonia

Internal Market Dynamics and Burdens

With the help of principal component analysis the Market Openness blockwas categorized into two parts i.e. Internal Market Dynamic and Internal Market Burdens. Internal Market Dynamics refers to the dynamism of consumer goods and services and business-to-business goods and

services whereas; the burdens include entry of new and growing firm in the market and effectiveness of anti-trust legislation. A Comparison of India 2012 with the India 2002 data shows thatthere is a perceived improvement in market dynamism (See Table 12). Indian experts perceived fewer burdens to enter in the internal market. It implies that the condition is improving and it is fairly easy for new players to gainentry in the internal market, even thoughthe enforcement of anti-trust regulation has beenperceived to have improved.

Table 12: Internal Market Dynamics and Burdens (2012)

Factors	India 2001	India 2002	India 2012	Lowest 2012	Highest 2012
The markets for consumer goods and services change dramatically from year to year	3.46	2.44	3.19	2.23 Uruguay	4.41 Korea SR
The markets for business-to-business goods and services change dramatically from year to year	2.97	2.53	3.07	2.10 EL Salvador	3.96 Korea SR
New and growing firms can easily enter new markets	2.68	2.68	3.20	1.97 Palestine	3.54 Netherlands
The new and growing firms can afford the cost of market entry	2.64	2.45	2.67	1.91 Croatia	3.53 Netherlands
New and growing firms can enter markets without being unfairly blocked by established firms	2.62	2.56	2.97	1.89 Russia	3.56 Netherlands
The anti-trust legislation is effective and well enforced	1.97	2.30	2.57	1.28 Angola	4.09 France

Physical Infrastructures and Services

Physical infrastructures and services access inquired about the availability and accessibility of physical infrastructure (roads, utilities, communications, and water disposal) and basic utilities (gas, water, electricity, and sewer) for new and growing firms.This variable rated high in all the

countries. It is one of the basic requirements of development.Perception about India's physical infrastructure hasshown marked improvement (see Table 13). The experts believe that the country's infra-structure hassubstantially improved over the period. The absolute scores of all the components themselves have improved. Though the absolutescores for India on communication-related items arehigh at 3.93 and 4.27, they are still below the highest ranking of country averages of 4.68 and 4.79. The reason forthis may be the fast-placed changes taking place inthe ICT and telecom sector.The same is thecase with other items including the average scoreon infrastructure. The Indian 2012 scores for all these components have gone up as comparedto the India 2001 and 2002but yet remain much below the highest ranking country.

Table 13: Physical Infrastructures and Services(2012)

Factors	India 2001	India 2002	India 2012	Lowest 2012	Highest 2012
The physical infrastructure (roads, utilities, communications, waste disposal) provides good support for new and growing firms	2.20	2.47	2.88	1.53 Nigeria	4.75 Switzerland
It is not too expensive for a new or growing firm to get good access to communications (phone, Internet, etc)	3.49	3.71	3.93	1.92 Angola	4.68 Estonia
A new or growing firm can get good access to communications (telephone, internet, etc) in about a week	2.74	3.53	4.27	2.42 Angola	4.79 Estonia
New and growing firms can afford the cost of basic utilities (gas, water, electricity, sewer)	2.64	3.24	3.66	2.08 Jamaica	4.81 Switzerland
New or growing firms can get good access to utilities (gas, water, electricity, sewer) in about a month	2.64	3.03	3.58	2.08 Angola	4.76 Netherlands

Cultural, Social Norms and Society Support

The last block of Entrepreneurial frame work condition is 'Cultural, Social Norms and Society Support'. It measures the following components that providesupport for entrepreneurial behavior - degree of support for individual success, self-sufficiency, autonomy and personal initiative, entrepreneurial risk-taking, creativity and innovativeness, and individual responsibility..This variable is significantly and positively correlated with total entrepreneurial activity (GEM, 2012). While Indian experts have rated it above 3 points on four components of thisdimension, the country's score isless than the highest ranking countries (See Table 14). The overallassessment is that Indian culture is gradually supporting entrepreneurship. The cultural support toentrepreneurship in India is not all that bad if we look at theabsolute values for all components. Besides,even if the 'culture' does not encourageentrepreneurship, the necessity-factor created byhigh levels of unemployment may play a role instimulating start-ups in India.

Table 14: Cultural, Social Norms and Society Support(2012)

Factors	India 2002	India 2012	Lowest 2012	Highest 2012
The national culture is highly supportive of individual success achieved through own personal efforts	3.12	3.40	1.98 Croatia	4.53 USA
The national culture emphasizes self-sufficiency, autonomy, and personal initiative	2.26	3.36	1.72 France	4.45 Israel
The national culture encourages entrepreneurial risk-taking	3.56	2.92	1.78 Egypt	4.28 Israel
The national culture encourages creativity and innovativeness	3.62	3.11	1.92 Greece	4.64 Israel
The national culture emphasizes the responsibility that the individual (rather than the collective) has in managing his or her own life	3.47	3.19	2.02 Croatia	4.00 Netherlands

Conclusion

It maynot be very appropriate to compare the India 2012 scores with 2001and 2002 scores as these scores were based on 10 years old perception of experts and also the raters weredifferent in all previous ratings. However, since the experts belong to the same population,changes in their opinions may be providing insights to understand India's movement regarding these contextual variables. Hence, through use of common an attempt is made to exploredimensions and find areas that have improved or worsened as compared to the previous ratings. Also, India 2012 scores are compared with the global lowest and highest ranking countries to understand our position in global scenario.

The findings suggest that India ranks above average on financial supportbut there is a declining trendwith respect to availability of fund from private individuals(other than founders) and initial public offerings (IPOs). The gaps in score when compared to the highest ranking countries on this dimension suggest that India has scope for further development. It was found that there is improvement in thegovernment policy for new and growing firms.However, there is scope for improvement in following, new firms getting their permits and licenses in abouta week, the amount of taxes burden and coping with government bureaucracy, regulations, and licensing requirements. Although policy makers are arguing about entrepreneurship in education but the findings of the study indicate primary andsecondary level education system in India is not capable ofcreating entrepreneurial orientation among school students. The observations also indicate that there is declining trend for the item 'thecountry has world-class R&D technology in at leastone sector'.The affordability of commercial and professional infrastructure is decreasing and it could be difficult to get suppliers, subcontractors andservices (legal, accounting, banking, etc.)inadequate numbers and at affordable cost.The changing market dynamics provides easy entry to several new players. The perception about improved physical infrastructuremay be due to the explosivechanges in the telecom/communication sector.

Table 15: Average Score of Entrepreneurial Framework Conditions (2012)

Factors	India	Global
Financial environment	3.09	2.48
Government Policy Priority & Support	2.92	2.60
Government Policy Bureaucracy & Taxes	2.18	2.43
Government Programme	2.79	2.61
Education at Primary and Secondary Level	1.92	2.05
Education: Professional & Vocational	2.73	2.80
R & D Transfer	2.54	2.38
Commercial & Service Infrastructure	3.10	3.02
Market Openness: Internal Market Dynamics	3.13	3.06
Market Openness: Internal Market Burdens	2.85	2.60
Physical Infrastructure	3.71	3.72
Cultural and Social Norms	3.20	2.82

While discussing each of the framework conditionsabove, there was a comparison with its globalaverage. An overall picture on this is given in Table 15. As shown in the table, India scores better than theglobal averageon eightfactors. Except these eight, theremainingfourfactors are about the same as or less than theglobal average.The factors which are better than the average are: (a)Financial Environment; (b) Government Policy Priority & Support; (c) Government Programme; (d) R & D Transfer; (e) Commercial & Service Infrastructure; (f) Commercial & Service Infrastructure; (g) Internal Market Dynamics; (h) Internal Market Burdens; and (i) Cultural and Social Norms. The factors which are either about the same as the average or slightly less than that: (a)Government Policy Bureaucracy & Taxes; (b) Education at Primary and Secondary Level; (c) Education: Professional & Vocational; and (d) Physical Infrastructure.The overallimpression one gathers from this comparison is thatthe conditions have

changed significantly and thechanges are positive. Probably, the reason behind these changes is economic liberalization and reforms. The economic reforms and liberalizationhas opened up doors to privateoperators.The observation on the commercial and professional infrastructure suggests that empowered private individuals and/or agencies havestimulated entrepreneurship. This sector hasalways been in private hands in India. As entrepreneurship is closely linked with the freedom given to private operators, more sectors may be opened up for private operators. The comparisons of India 2012 with the highest ranking countries of GEM 2012 also indicate that on very few conditions India isclose to highest ranking countries. From these comparisons, it can be concluded that significant positive changes have been witnessed in the field of entrepreneurship.

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Annexure-1

COUNTRY GROUP GCR REPORT 2012-2013

Factor driven	Efficiency driven	Innovation driven
Algeria	Argentina	Austria
Angola	Barbados	Belgium
Botswana	Bosnia & HZ	Denmark
Egypt	Brazil	Finland
Ethiopia	Chile	France
Ghana	China	Germany
India	Colombia	Greece
Iran	Costa Rica	Ireland
Malawi	Croatia	Israel
Nigeria	Ecuador	Italy
Pakistan	El Salvador	Japan
Tunisia	Estonia	Korea SR
Uganda	Hungary	Netherlands
Zambia	Jamaica	Norway
	Latvia	Palestine
	Lithuania	Portugal
	Macedonia	Singapore
	Malaysia	Slovakia
	Mexico	Slovenia
	Namibia	Spain
	Panama	Sweden
	Peru	Switzerland
	Poland	Taiwan
	Romania	UK
	Russia	USA
	South Africa	
	Thailand	
	Trinidad&T	
	Turkey	
	Uruguay	
14	30	25