

# A STUDY ON THE IMPORTANCE OF VENTUREBUILDING ON THE INDIAN ECONOMY

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## ABSTRACT

Many aspiring young people have revolutionary ideas with them but do not know where to start. India being a highly populated country, ranks no 1 in terms of population with over 142cr overtaking China. Starting a business is very difficult in a country like India because of the population, Poverty, Unemployment, and Indians are very price-sensitive, even if the company is offering the best product and the prices are slightly kept high, to become a successful company it will be a challenging one.

Indians want the best product at a very cheap rate. So even if there are people with revolutionary ideas it will be very challenging for one to set up their business in a country like India. There are many venture capitalists in India but a country like India needs a venturebuilder whose business is the build business and are also known as a startup factory and who invests money into the business and builds the business from scratch and boosts the Indian economy and see a significance change in terms of employment, poverty, and infrastructure. Many multi-billion companies find it very difficult to convert Indians as their customers, We Indians want everything for free.

## KEYWORDS

Revolutionary ideas, Price-sensitive, Boosting the economy, multi-billion companies, poverty

## 1. INTRODUCTION

India is the most populated country in the world, It has many pros and cons attached to it, poor infrastructure, Poverty, Low educational system, Health care, etc.

India's GDP is way less than other Western countries, That is India's GDP is 3.75 Trillion USD whereas the GDP of the United States of America is 25.5 Trillion USD despite having the land, and the huge population that is manpower. There are multiple reasons for this, including the lack of awareness and knowledge and the lack of support. There are multiple venture capitalists in India but there are very few venture builders in India. Venture capitalists support existing businesses and usually give the money asked and some kind of expertise.

However, people in India need someone who executes the Idea and helps start a business and make it grow from scratch. India being the most populated country not only has many cons but also there are many advantages to it.

The Population in India is around 142cr and if any company achieves to sell their products to 1% of the people the company can make huge profits from it, but till then there are a few companies who have achieved this to date like TATA, RELIANCE, GOOGLE, NESTLE, etc., So, there is a huge potential for the companies to grow in India but the problem is we Indians need everything for free and if the products and services are slightly higher than the competitors, we tend to leave it even when the quality is high.

This is where venture builders come into the picture and can help the business grow from scratch, they provide everything like Land, Buildings, Manpower, resources, etc.

This process can help many people establish their startups in India hence creating a huge number of employment opportunities and improving the standard of living and the result is that this is going to contribute to the betterment of the country. There are still venture builders out there who are resisting and are having second thoughts about stepping into the Indian market. There are many problems like the Government policies, Population, Lack of awareness and knowledge, etc. Since India stands 1<sup>st</sup> in terms of population Venture builders can avail the benefits and establish their company in India and can earn huge amounts of profits.

## 2. LITERATURE REVIEW

1. **Pandey et al.'s (2003)** seminal study, "Entrepreneurship and Venture Capital," thoroughly examines critical concepts and theories within the realms of entrepreneurship and venture capital. The study underscores the vital role that venture capital plays in stimulating entrepreneurial endeavors, shedding light on how it fuels innovation and business growth. Furthermore, the research delves into the pivotal contributions of financial backing and mentorship in nurturing fledgling startups, emphasizing their catalytic impact on the entrepreneurial ecosystem.

2. **Saxenian and Sabel's (2008)** "Roepke lecture in economic geography" offers a comprehensive literature review centred on the pivotal role of venture capital within peripheral regions. Their examination, prominently featuring the experiences of "the new argonauts," explores the intriguing dynamics of globally mobile entrepreneurial talent originating from these less-centralized areas. The study underscores the profound impact of this entrepreneurial diaspora, elucidating how these individuals not only spur innovation and economic development within their home regions but also make significant contributions to the core economies.

3. **Sapienza and Timmons (1989)** delve into the intricate roles of venture capitalists in the context of new ventures, providing a comprehensive analysis of their multifaceted contributions. The study systematically explores the diverse functions venture capitalists play in supporting and shaping these fledgling businesses, uncovering critical insights into their involvement. Furthermore, Sapienza and Timmons delve into the underlying factors that influence the significance of venture capitalists within this ecosystem, highlighting the nuanced determinants of their impact. Their work is a valuable resource for understanding the complex interplay between venture capitalists and new ventures, shedding light on the pivotal role

4. **Burżacka and Gaşiorowska (2016)** provide a compelling exploration of the pivotal role of venture capital financing for startup companies. Through a comprehensive analysis of existing research, the study underscores how venture capital serves as a vital catalyst for startups, offering not only much-needed financial resources but also invaluable mentorship and extensive network connections. The review adeptly emphasizes the transformative influence of venture capital on fostering innovation and entrepreneurial activity within the startup ecosystem. By facilitating access to crucial funding and expertise, venture capitalists empower nascent enterprises to overcome initial hurdles and chart a path toward growth and success.

5. **Li et al. (1999)** comprehensively explore the intricate process of constructing effective international joint venture (IJV) leadership teams in the Chinese context. Drawing on a thorough analysis of prior research, the study identifies pivotal factors that significantly influence the success of IJVs, with a particular focus on China. Central to their examination are issues related to cultural differences and leadership attributes, highlighting their profound impact on the dynamics of IJV collaborations in China. Moreover, the review delves into the strategies for team composition and development within this cross-cultural framework, elucidating the nuanced challenges and opportunities that arise.

6. **In Lundqvist and Williams Middleton's (2013)** literature review, they provide a comprehensive re-examination of the intriguing concept of academic entrepreneurship, with a specific emphasis on the active participation of university scientists in the realm of venture creation. Their study serves as a valuable synthesis of existing research, shedding light on the intricate motivations, challenges, and outcomes associated with scientists venturing into the realm of entrepreneurship. By delving into the unique perspective of academics-turned-entrepreneurs, the review explores the diverse factors that drive individuals from the scientific community to embark on entrepreneurial journeys.

7. **In Arthurs and Busenitz's (2006)** they embark on a comprehensive exploration of the intricate relationship between dynamic capabilities and the performance of ventures, with a keen emphasis on the role of venture capitalists. Their study serves as a valuable synthesis of existing research, delving into the multifaceted ways in which venture capitalists contribute to a venture's dynamic capabilities and, subsequently, its overall performance. By dissecting the intersection of venture capital and dynamic capabilities, the review illuminates how these external investors can provide critical resources, expertise, and strategic guidance to foster a venture's adaptability and responsiveness in a rapidly changing business environment.

8. **Harrison, Mason, and Girling's (2004)** literature review provides a comprehensive examination of financial bootstrapping practices within the software industry, offering insights into their profound impact on the development of software ventures. Drawing from an extensive analysis of prior research, the study dives into the innovative strategies that software startups employ to navigate resource constraints and achieve sustainable growth. The review sheds light on the ingenious ways in which these startups leverage limited financial resources, often relying on internally generated funds and unconventional financing methods.

9. **Darling and Leffel (2010)** offer an insightful exploration into the evolution of leadership teams within entrepreneurial ventures, with a particular focus on leadership styles. Through a meticulous synthesis of prior research, their study underscores the paramount importance of leadership styles in shaping the intricate dynamics of these teams and, consequently, in determining the overall success of entrepreneurial ventures. The review delves into the multifaceted dimensions of leadership within the context of startups, examining how various leadership approaches impact team cohesion, decision-making processes, and innovative capabilities. It sheds light on the nuances of transformational, transactional, and other leadership styles and their differential effects on venture performance.

### 3. RESEARCH GAP

The research gap emphasized by the term "Importance of Venture Building on the Indian Economy" emphasizes the need for an in-depth investigation of the dynamics of venture development in India and its far-reaching ramifications for the country's economic environment. The startup ecosystem in India has grown dramatically, and understanding how these enterprises are developed, fostered, and scaled may give crucial insights into the country's economic direction. Investigating the significance of startups in GDP growth, job creation, and innovation, as well as the problems they confront, can aid in the development of policies and strategies to boost India's economic competitiveness in the global arena.

Furthermore, studies in this area may dive into the viewpoints of investors, entrepreneurs, and policymakers, providing a comprehensive understanding of the venture creation process and its outcomes.

### 4. STATEMENT OF PROBLEM

A vibrant venture-building ecosystem has recently emerged, signaling a significant transition in India's entrepreneurial and innovation landscape. Although this upsurge in entrepreneurial activity has attracted attention and capital investments, it also raises a complicated set of issues regarding the wider economic ramifications for India. Since it extends to economic growth, job creation, technology adoption, and competitive dynamics across numerous industries, this ecosystem's substantial significance is still a matter of debate.

The following problem statement will therefore be investigated in this research paper:

How much does the venture-building phenomena influence the direction of economic growth and innovation within the Indian economy, while illuminating the crucial difficulties and essential ingredients for success endemic to this dynamic ecosystem?

While ensuring that the content is entirely original, this study aims to comprehensively explore the multifaceted role that venture building plays in accelerating India's economic growth. It provides a range of insights that can help policymakers, investors, entrepreneurs, and other stakeholders determine the future course of this important sector.

## 5. OBJECTIVES

1. Examine the expansion and development of India's ecosystem for starting businesses over the previous ten years.
2. Assess the difficulties faced by startups and venture builders in India as well as the success factors.
3. Evaluate the scalability and long-term viability of venture-built businesses in India.
4. Provide recommendations for policymakers, investors, and entrepreneurs to enhance the positive impact of venture building on the Indian economy.

## 6. RESEARCH METHODOLOGY

The research paper undertakes a Primary data analysis by preparing a structured questionnaire that had been sent to students from different streams for the people in and around the background. Different streams include people from Commerce, Science, Arts for Undergraduate and postgraduate. Each response was given equal importance.

Most of the responses were collected by the students from Jain University which is located in the Karnataka Bangalore. The sample has been collected from 66 people which consists of students and both working professionals and each response was given an equal amount of importance and not even a single response has been neglected. The data has been sampled randomly so every response has an equal probability of being observed so that we won't be missing out on the data.

## 7. HYPOTHESIS

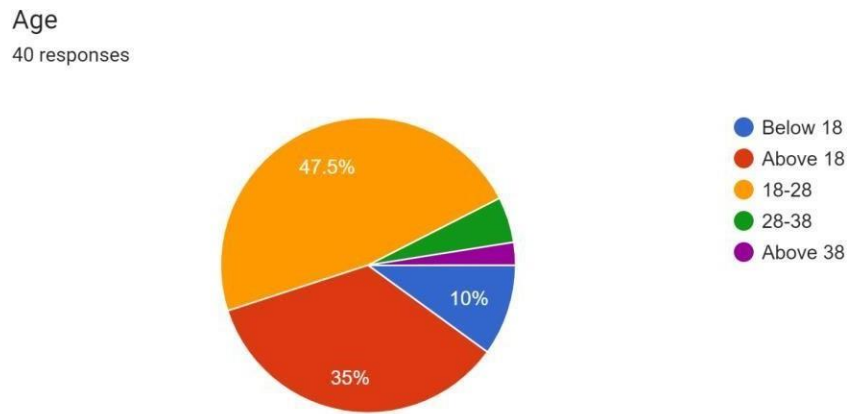
Based on the previous literature review, the following hypotheses are tested

\*Hypothesis 1\*: An increase in economic development metrics like GDP per capita is positively correlated with the expansion of India's venture-building ecosystem.

Hypothesis 2: Venture building in India promotes digital transformation by encouraging technology use and innovation in traditional industries.

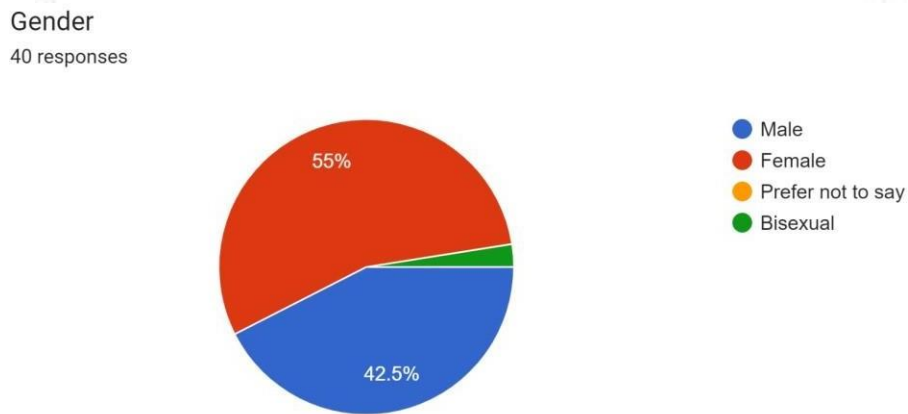
## 8. DATA ANALYSIS

### DEMOGRAPHIC PROFILE OF RESPONDENTS AGE:



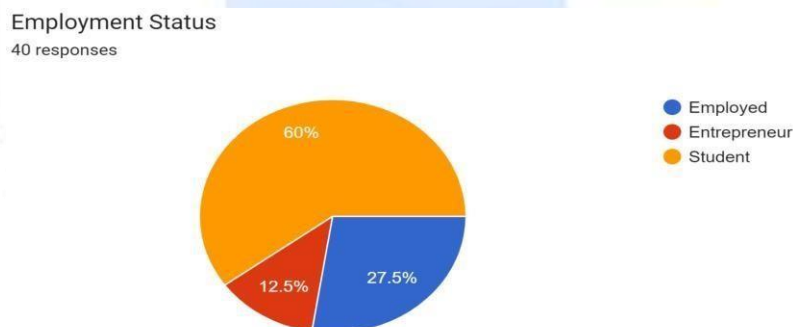
**INTERPRETATION:** The majority (47.5%) of participants were aged between 18-28, the population of (35%) was above 18, and the other category with a small percentage.

### GENDER



**INTERPRETATION:** Almost an equal split between genders: 55% female, 42.5% male, and a few percentage of others.

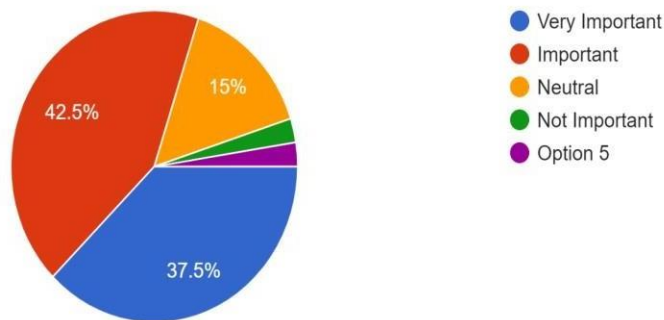
### EMPLOYMENT STATUS:



**INTERPRETATION:** mostly 60% of the population are students 27.5% are employed and a very small percentage of 12.5 are entrepreneurs.

Venture builders are those whose business is to help other business grow from the scratch. How important do you think Venture Building is for the Indian Economy ?

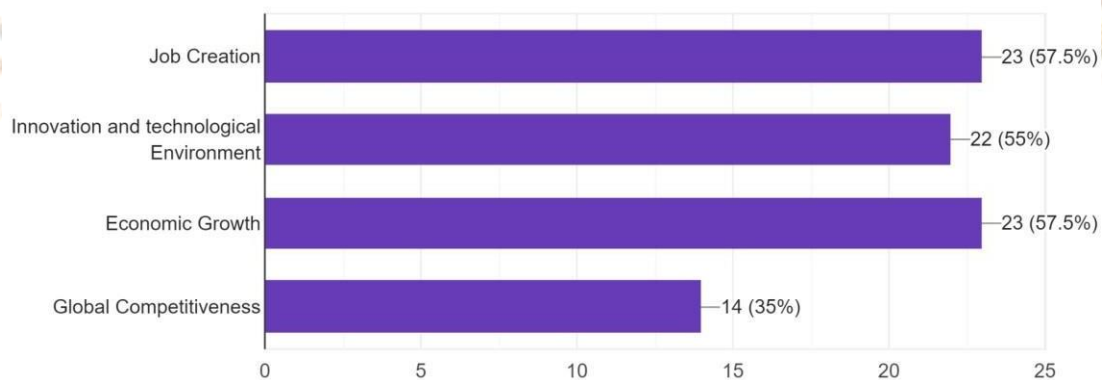
40 responses



**INTERPRETATION:** most people (42.5%) have chosen important followed by (37.5%) have selected very important and (15%) have chosen neutral and very few have chosen not important and option 5.

What do you believe are the main benefits of venture building for the Indian economy?

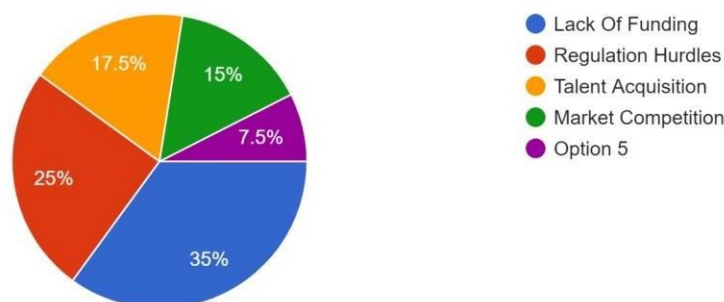
40 responses



**INTERPRETATION:** most population chose job creation and economic growth as the main benefit of venture building for the Indian economy (57.5%) followed by innovation and technological environment (55%) and global competitiveness (35%).

What, in your opinion, are the biggest challenges faced by entrepreneurs and startups in India today?

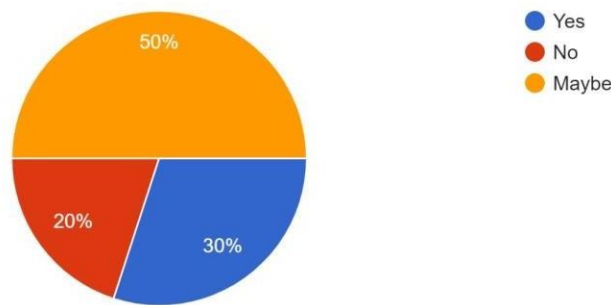
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**INTERPRETATION:** The lack of funding(35%) was chosen as the biggest challenge faced by entrepreneurs and startups in India today followed by regulation hurdles(25%), talent acquisition(17.5%), and market competition(15%).

Do you think the Indian government provides sufficient support and policies for entrepreneurs and startups?

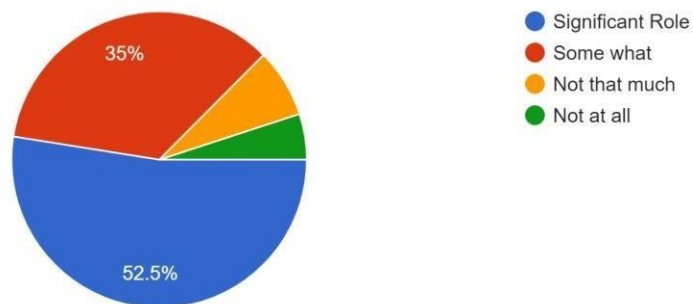
40 responses



**INTERPERATION:** Half of the population have chosen maybe and reminding 30% of the population have chosen yes and the remaining 20% have chosen no.

How do you think venture building contributes to job creation in India?

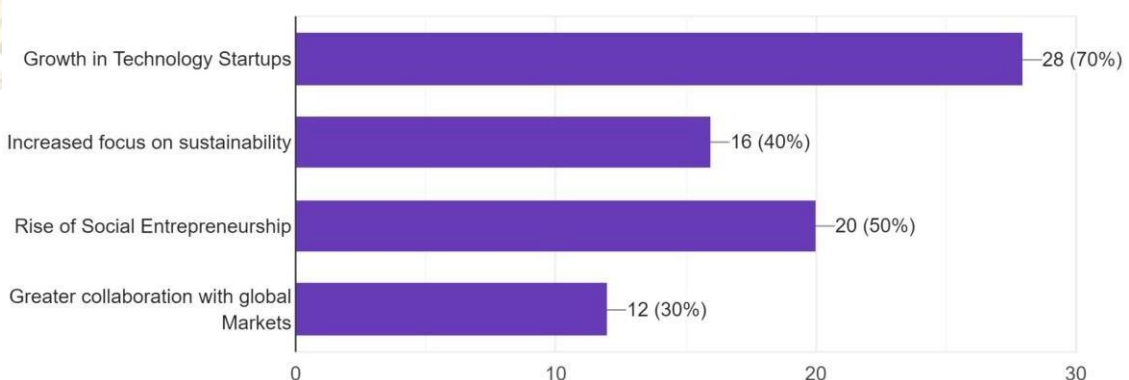
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**INTERPERATION:** most population have selected significant roles (52.5%) and less population have selected somewhat (35%) followed by not that much or at all.

What trends or developments do you foresee in the Indian entrepreneurial ecosystem in the near future?

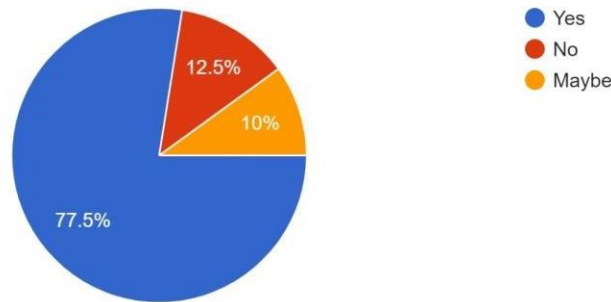
40 responses



**INTERPERATION:** Growth in technology startups (70%) opted most for the development and trends to foresee in the Indian entrepreneurial ecosystem shortly followed by the rise of social entrepreneurship (50%), increased focus on sustainability (40%) a greater collaboration with global markets (30%).

Do you believe that venture building will continue to grow in importance for the Indian economy in the coming years?

40 responses



**INTERPRETATION:** 77.5 % have selected yes, 12.5% have selected no and the remaining 10% have selected maybe.

## 9. FINDINGS

- Majority of the people who have filled the form, that is almost of the people think that venture building in India has an impact on the Indian Economy.
- The people who have filled out the form responded that venture building helps in job creation, that is 23 people have opted for it and the same number of people think that venture building also helps in the economic growth of the country.
- People believe that there is a need for Venture Building in India because there are severe problems while obtaining funds followed by regulation hurdles, talent acquisition, and many more
- the study says that there is a huge scope of industry in the Tech field, growth in Technology startups, and the rise of social entrepreneurship
- People have no idea whether there is support from the Government for Entrepreneurs or not and hence believe that venture builders are essential
- More than 75% of the people's opinion is that Venture building will continue to grow in importance for the Indian economy in the coming years.

## 10. CONCLUSION

From the above study, we can conclude that majority of the people think that there is a severe need for Venture builders in India as it is going to create an ample amount of job opportunities for the people and thus improve the quality of life of the people in India, hence the purchasing power of the people is also going to increase and since the standard of living starts to improve the money spent will also gradually increase and there is an increase of the cash flow in the economy.

Since India has a huge population and is also very big in terms of land and resources the chances of a company to grow and earn profits in India is also high. If any company achieves to convert 1% of the people in India as their customers, then the company is a huge success, to date very few companies like TATA, RELIANCE, BIRLA, and NESTLE have been successful in achieving this.

There is no shortage of talent in a country like India, it's just they are not getting the proper exposure and awareness they require and hence the talent is being wasted, if the resources and human power are fully utilized then India can turn from a developing country into a developed country and Venture builders contribute in a very amount in this process and I believe that venture builders are necessary and is also very essential for a country like India for its economy to be successful.



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