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# EDII leads the largest study on entrepreneurial dynamics

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*EDII leads the largest study on entrepreneurial dynamics*

- *70 per cent of entrepreneurs changed their business plans and developed alternative plans amidst the pandemic*

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- *Nearly 45 per cent of entrepreneurs in India explored new business opportunities*
- *22.5 per cent of entrepreneurs expanded into online trading during the pandemic*

The Global Entrepreneurship Monitor (GEM) Survey is the largest annual study of entrepreneurial dynamics in the world. Entrepreneurship Development Institute of India (EDII), Ahmedabad leads the GEM India Survey with Dr. Sunil Shukla, Director General, EDII as the National Team Leader and the Lead Author of the Report.

The GEM India 2020-21 report which was released recently, explains the key aspects of entrepreneurship among Indians by measuring their attitudes, activities and aspirations. The findings of the report provide the policy makers a foundation for reviewing the current and prospective policies. The major findings and recommendations for policy making are appropriately highlighted. The report has used a sample survey of 3,317 adults and national Level Experts.

The nationwide survey on entrepreneurial dynamics carried out by the Entrepreneurship Development Institute of India (EDII) provides that 82 per cent of the population believes that there is a good opportunity to start a business in their area despite the hardships caused by the COVID-19 pandemic. The Global Entrepreneurship Monitor (GEM) Report 2020-21 also provides that 82 per cent of youngsters believe that they have the required skills and knowledge to start a business. Out of 47 economies, India ranks 3<sup>rd</sup> for perceived opportunities.

The report also provides insights into the impact of the pandemic on the entrepreneurial ecosystem in the country. It provides that the fear of failure among youth has increased by 1 per cent, i.e. from 56 % in 2019-20 to 57 per cent in 2020-21. It also suggests that entrepreneurial intentions have declined from 33.3 per cent in 2019-20 to 20.31 per cent in 2020-21.

Similarly, total early-stage entrepreneurial activity (TEA) was also severely affected due to the pandemic and declined to 5.34 per cent in 2020-21 compared to 15 per cent in the previous year. Notably, TEA is the total percentage of individuals in the 18-64 age group who are either nascent entrepreneur or owners/managers of new businesses.

Also, the findings reveal that pandemic has negatively impacted total entrepreneurial activities in the country. However, it is more severe in case of the young women. Female entrepreneurial activities declined by 79 per cent, whereas male entrepreneurial activities declined by 53 per cent. , The report also indicates that the pandemic had a negative impact on household income. In India, about 44 per cent of youth were of the view that the pandemic affected their household income.

The report also provides some key policy suggestions that would sustain and promote the entrepreneurial ecosystem in the country. The suggestions include entrepreneurship education at school and college levels, greater support from the government, research and policy advocacy in the field of entrepreneurship, and the creation of a pool of business mentors.

Team leader of GEM India and Director General of EDII, Dr Sunil Shukla, said, "Entrepreneurship has become a key factor for sustainable economic growth and has huge potential to create employment opportunities. Developing an entrepreneurial mindset within the country has become a primary objective for governments and societies worldwide. In the Indian context and given its socio-economic challenges as well as its size and scope, a holistic approach to entrepreneurship development can bring transformational changes to the socio-economic landscape of the country."

GEM India member and EDII faculty, Dr Amit Dwivedi, opines, "The GEM India Report 2020-21 provides data analysis that can help academicians, researchers, policymakers, and professionals, to take appropriate action for enhancing economic growth, with a focus on broad-based entrepreneurship development."

GEM India member and EDII faculty, Dr Pankaj Bharti, believes that the pandemic has negatively affected business and entrepreneurship in most countries, including India, with the enabling factors in the country dropping as compared to last year. However, he emphasizes, not all the factors have been affected adversely.

### **Major Findings of GEM India 2020-21 Report**

- The results show that 82% of the population perceives that there is a good opportunity to start a business in their area. Of the 47 economies, India ranked 3<sup>rd</sup> for perceived opportunities.
- About 82% of the youth believe that they possess the skills and knowledge to start a business.
- Entrepreneurial intentions had been 33.3% in 2019–20, which fell to 20.31% in 2020–21. This negative change of perception may be due to the lockdown and impact of the COVID 19 Pandemic.
- The rate of Total Early-stage Entrepreneurship Activity (TEA) in India has also been severely affected by the pandemic and it came down to 5.34% from last year's 15%. The change has been observed at 64 percent, decreased from 15 percent in 2019-20.
- The findings reveal that pandemic has negatively impacted Total Entrepreneurial Activities in the country. However, it is more severe in case of the female youth. Female entrepreneurial activities are decreased by 79 percent, while the male entrepreneurial activities are decreased by 53 percent.
- The observation for established business ownership is important and it is found that 5.88% of youth have reported that they are engaged in an established business. The numbers decreased by 51 percent from last year's 11.92%.
- The results presented in the report, indicate that pandemic has a very negative impact on household income. In India, about 44 percent of youth have perceived that pandemic has harmed their household income.
- Across a couple of the government-related framework conditions, India did better in 2020, then it did in 2019. This improvement in institutional support for entrepreneurship is reflected in the experts' assessment of the government's response to the pandemic, where, India ranked 5<sup>th</sup> among all GEM participating economies.
- The National Entrepreneurship Context Index (GEM NECI), provides policymakers with insights, on how to foster such an environment. In its latest ranking, Indonesia, Netherlands, Taiwan and India are the top four.