

ADVANTAGE INDIA: A Nation of Entrepreneurs

By Sankrant Sanu

WE are a nation of entrepreneurs. It may have been hard to tell this in the days before the economic liberalization of the 1990s and the time of the license raj, but entrepreneurs existed even then. They were the vendors you can still find in country buses, peddling little plastic knickknacks and bottles of cure-all powders. You can find them on street pavements. And you can find them in rural settings—the craftsmen, the farmer, the traders—all managing their businesses without relying on salaries or handouts.

When we think of Indian entrepreneurs, we often think of the big success stories: Dhirubhai Ambani, the Tatas, steel baron Lakshmi Mittal or, more recently, Infosys founder Narayana Murthy. The smaller entrepreneurs may not be as sophisticated, but the neighborhood *kiryana* store *lala*, the beauty parlor owner and the neighborhood tailor have their business principles squarely in place. They could certainly have taught the dot-com boomers (and busters) a thing or two about how to create strong, sustainable businesses.

So how did these entrepreneurs create businesses from the ground up without huge capital? From them, we could learn a thing or two about:

- **Providing value to customers.** Are you offering the benefit of convenience or price? Or is your product unique in some way?
- **Managing operating costs.** Keep them below gross margins.
- **Taking advantage of one's strengths**—whether it's location, low-overheads or building lasting relationships with customers.
- **Understanding that your business needn't be high-tech to succeed.** Rather, it needs to meet the needs of the customers in a way that would simplify and improve their lives.
- **Starting small and growing organically**, while dreaming big.

Indians have always been entrepreneurs. In Silicon Valley, nearly a quarter of all new startups were started by Indians in the dot-com heydays. We surprised ourselves, the children of the salaried middle class, brought up as we were in an environment stifled by government bureaucracy.

But the fact is, long before Vasco da Gama found his way to our shores (with the help of an Indian navigator) we had been trading and doing international business. We built ships, exported the finest steel in the world, and the demand for our fine cloth emptied the coffers of European royalty. We

ran an international merchant banking network to facilitate this trade—spanning Africa, the Middle East and South East Asia.

But as the ravages of British colonialism hit home—excessive taxation, the ban on industries such as cloth-making and metal-lurgy, the controlling government system—our entrepreneurial spirit turned into one of sheer survival. We found ways around the system to avoid paying taxes to the colonial government (which we never considered our own) by maintaining parallel sets of books.

Even when independence came, our economic and intellectual freedom was still a work in progress. Nehruvian socialism looked upon private enterprise with suspicion. The government system was simply a continuation of that of the colonial times. It thrived on keeping people in check rather than serving them.

As entrepreneurs, when we are frustrated with dealing with the *babus*, it is worth remembering that the problem is not because 'Indians are like this only'. It is, in fact, because we are dealing with an antiquated government system that was never designed for our benefit to begin with.

In the meanwhile, there is the business of making money, of meeting payroll, of setting up the next customer meeting, of closing the deal. The act of starting our own businesses, rather than awaiting jobs and handouts, is by itself a revolutionary act. Adam Smith, the intellectual framer of western capitalism, got it right when he said that the greater good follows from everyone following their own enlightened self-interest. And no one exemplifies this concept better than an entrepreneur.

As we embark on this journey of starting a business and generating wealth, we can feel good about creating our own little revolution in India. And we may take comfort in knowing that we will eventually overcome, because we start off with an undeniable advantage: entrepreneurship resides in our cultural code. ■



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SANKRANT SANU is a serial entrepreneur based in Silicon Valley. He can be contacted at sankrant@msn.com.

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