

ENTREPRENEURSHIP, KERALA'S DESTINY

V.S.M Nair
G.Vijaya Raghavan
Hari S. Nair

VMA Consultants Pvt. Ltd.

Mind to market, a virtuous circle

- R&D creates technological knowledge :
 - Technological knowledge is transformed into innovation. (Innovation to be protected by IPR/Patent)
 - Innovation breeds new business ideas.
 - Business ideas, when commercialized, generate new products
 - New businesses create new jobs.
 - New jobs inject extra income into the economy.
 - New income promotes more spending and new demand.
 - To meet the growing demand, more production of products / services.... a virtuous circle of economic well-being touching millions of lives.

The Genius of Entrepreneurship

Kerala's Economy, A Reality Check

➤ What's falling

- Share of agriculture in the State Domestic Product (SDP)
- Production of food grains, fruits and vegetables, eggs , milk and marine fish landings in absolute terms
- Share of manufacturing in the SDP
- Employability of graduates; pass rate of students in the private self-financing colleges

➤ What's rising

- Relentless expansion of the Services sector – Trade, hotels and restaurants, real estate, health education, banking and insurance, transport and communication, public administration etc.
- Construction business
- Unemployment rate, highest among the State's ; three times national average. This co-exists with influx of migrants from Orissa, Assam, NE States
- State debt, highest per capita debt among the States
- Sales of alcohol (highest per capita consumption among the States) and sales of lottery tickets, growing at the rate of 100% per annum
- Inward remittances , more than double the State's own tax revenue
- Remittance-fuel led consumerism; monthly per capita expenditure 40% higher than national average
- Cost of services of every kind, galloping ahead of productivity
- Unremitting expectations of the people for higher and higher levels of living standards

Enabling Ecosystem for harnessing Entrepreneurial Instincts of Individuals

- The challenge: getting more people to consider self-employment and business creation as a viable and rewarding career option
- The right socio-economic environment and the political institution governing the market process to nurture and sustain entrepreneurship ecosystem. The key components:
 - Simplified procedures for starting or expanding or closing an enterprise.
 - Low administrative burdens and compliance costs.
 - Simplified taxes and duties.
 - Helpful labour laws - flexible employment contracts, ease of retrenchment under hostile business conditions.
 - Availability of different kinds of finance and financial incentives.
 - Vibrant education system generating quality human capital.
 - Robust infrastructure facilities.
 - Consultancy and training.
 - Tolerance to company failures without any stigma; benign bankruptcy regulations.
 - Positive social and cultural attitudes towards entrepreneurship.
 - Business Retention and Expansion Strategy, a US phenomenon

Kerala's Imperatives

- Entrepreneurship the life blood of all economies
- Public systems across the sectors – health, education, industry, agriculture, infrastructure etc – getting suboptimal, if not, dysfunctional.
- Only the passion, creativity, energy, commitment and the resources of private enterprises can deliver innovative, timely and resource-efficient solutions to the challenges facing the State
- Priority areas :
 - Education, a vehicle for promoting investment by the private sector . Quality of human capital to be significantly improved by inviting the best of universities , institutions and R&D centres from around the world to set up centres of excellence in Kerala to create talents for global markets.
 - Dismantle all restrictions on conversion of paddy fields (1000s of hectares lying fallow) to introduce high value crops like fruits and vegetables and flowers preferably under organic farming for domestic and export market. Allow corporates to grow such crops
 - Continue supporting ICT and tourism sectors
 - In the manufacturing sector, follow the strategy of backing the winners; giving all the support to existing successful enterprises to expand and diversify .