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Entrepreneurial Attitudes
and Perceptions in India



Chapter – 3

Entrepreneurial Attitudes and Perceptions in India

3.1 Overview

The decision to start a business is influenced by several factors, including the ability to spot business opportunities, attitude towards risk, individual ambitions and aspirations, an individual's confidence in their abilities, self-belief, familiarity with other entrepreneurs and access to resources, including social support. This chapter explores the importance of youth's attitudes and perceptions in starting a new business. It includes whether youth perceived they have the knowledge, skills and experience required to start their own. Whether they intend to start a business in the next three years or fear failure, this deters them from starting. It also provides detailed information by including data from competitive and relevant economies. This chapter also seeks to understand region- and gender-wise variation in critical indicators.

Figure 3.1 and highlight cross-country variations in entrepreneurial perceptions and behaviors across 12 low-income level economies and present the major highlights from the GEM survey, including perceived opportunities, entrepreneurs' skills and knowledge, fear of failure, becoming self-employed, easiness to start a business and entrepreneurial intentions in India. Discussions on other data points, such as informal investment rates and their comparison with low-income level economies (Level C) are also part of the analysis.

3.2 Entrepreneurial Attitudes and Perceptions: A Comparison of Low-Income Economies

Figure 3.1 illustrates the patterns of entrepreneurial perceptions and attitudes found across twelve low-income level economies. The data suggest that India, Thailand, Guatemala and Brazil report high levels of perceived opportunities for starting a business indicating a favourable entrepreneurial climate. India shows strong scores in perceived capability and opportunity, reflecting confidence among its youth in their ability to initiate ventures.

As depicted in the graph, India along with Ecuador also represents the highest percentage of population in the domain of perceived capabilities required to start the business. This further highlight the fact that individuals in these countries have strong faith and belief in themselves of having the skills and knowledge required to start a business.

While, India portrays high rate of fear of failure followed by China and Ukraine, it also represents a population having an ease to start a business which is further followed by Thailand and Egypt.

Similarly, Brazil, Jordon and Guatemala indicate high entrepreneurial intentions suggesting that a significant percentage of population has a resilient mindset and is

motivated to start businesses in these countries.

In contrast, China consistently ranks lower across all the domains of perceived opportunities, capability and ease of starting a business, emphasizing towards structural or cultural constraints suppressing the entrepreneurial growth. On the other hand, Jordan and Ukraine portray heightened fear of failure indicating a deep-seated anxiety which further hampers their entrepreneurial spirit.

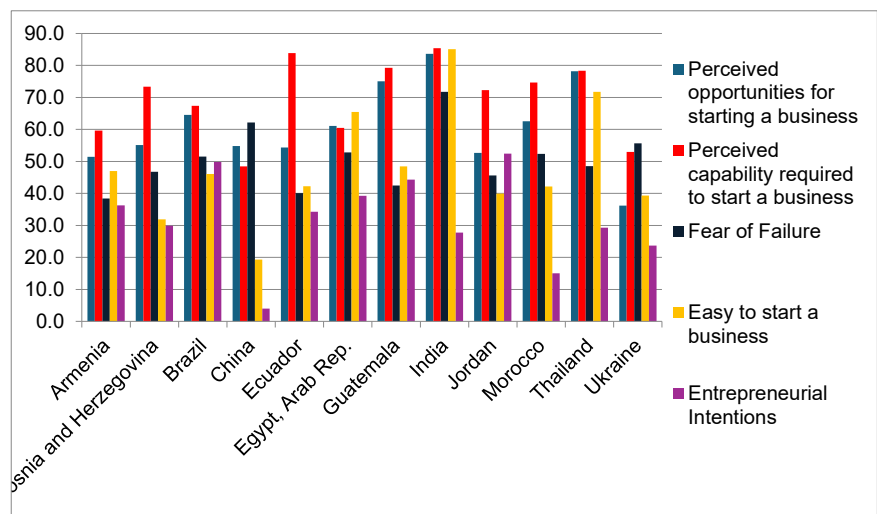


Figure 3.1 Entrepreneurial Attitudes and perceptions: A comparison of low-income economies

Source: GEM India Survey 2024-25

3.3 Who’s Investing in Others? Informal Investment Rates: A Comparison of low-Income

Level economies

Informal Investment refers to funding for early-stage businesses usually from private individuals utilizing their own funds to help startups grow. The graph below (Figure 3.2) presents informal investment rates across twelve low-level income economies. Egypt and India report the lowest participation rates in the informal investment participation which are 1.3% and 1.8% respectively. On the other hand, Brazil depicts the highest adult participation rate of 11% in the informal investment process. This deviation reveals not only economic capacity but also a blend of cultural norms around trust and risk-sharing.

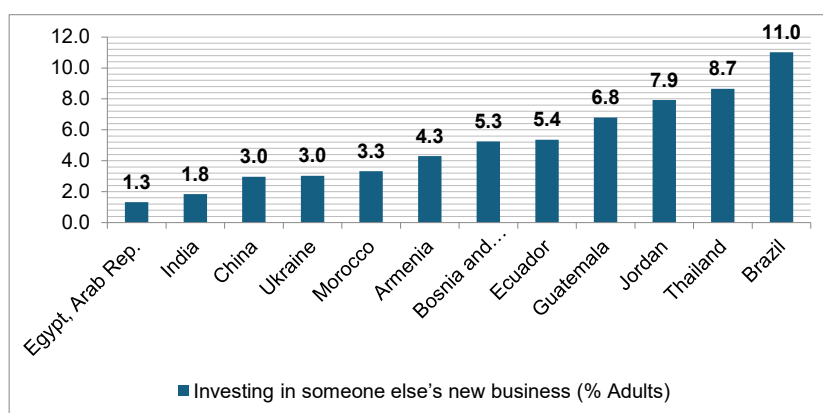


FIGURE 3.2 Informal Investment Rates: A Comparison of low-income level economies

Source: GEM India Survey 2024-25

3.4 Entrepreneurial Attitudes and Perceptions of Youth in India

Table 3.1 presents key indicators of entrepreneurial attitudes and perceptions among youth in India. This is based on a comparative analysis with 51 participating countries. In the domain of perceived opportunities, perceived capability and ease of starting a business, India ranks 2nd across the globe with 83.6%, 85.4% and 85.1% of respondents. This points to the optimistic attitude of the Indian youth in starting a business in the country. In the domain of fear of failure, India ranks 1st worldwide with 71.8% of respondents expressing anxiety about starting a business. This high level of fear may act as a psychological inhibiting factor resisting individuals to become entrepreneurs despite having the perceived opportunities and capabilities. India ranks 17th in the domain of entrepreneurial intentions with 27.8% of respondents highlighting a major lacuna between prospective and realistic entrepreneurial activity of the youth.

TABLE 3.1 Entrepreneurial Attitudes and perceptions of Youth in India

Attitudes and Perceptions	Value (%)	Rank/51
Perceived opportunities for starting a business	83.6	2
Perceived capability required to start a business	85.4	2
Fear of failure	71.8	1
Easy to start a business	85.1	2
Entrepreneurial Intentions	27.8	17

Source: GEM India Survey 2024-25

3.5 Gender-wise distribution of Entrepreneurial Attitudes and Perceptions

Figure 3.3 presents a comparative gender-based analysis regarding entrepreneurship in India. In the area of perceived opportunities for starting a business, 84.7% of females perceive high opportunities for starting a business, a number slightly higher than males, which is 82.5%. While, in terms of perceived capability, 86.3% of males reveal higher optimism and self-efficacy or access to skill building resources. However, both genders report high levels of fear of failure which is 71.4% among males and 72.1% among females, highlighting the role of psychological barriers in hampering entrepreneurial engagement despite having favourable perceptions. Both males and females perceive the ease of starting a business dimension equally with 85% for males and 85.2% for females. This further confirms the notion of structural mechanisms being felt equally. However, males show a slightly greater inclination towards entrepreneurial intention which is 28% than 27.6% females, suggesting stronger entrepreneurial perceptions with lower intent.

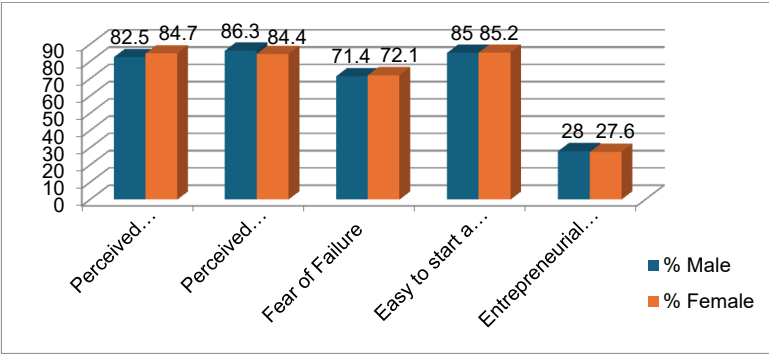


FIGURE 3.3 Gender-wise distribution of Entrepreneurial Attitudes and Perceptions
Source: GEM India Survey 2024–25

3.6 Region-wise distribution of Entrepreneurial Attitudes and Perceptions

In the regional variations’ aspect in entrepreneurial attitudes and perceptions across India, the data presented in Figure 3.4 highlight the significant differences among the East, West, North and South regions of the country. The respondents in the North region are found to have the highest scores for perceived opportunities and perceived capability which are 95.5% and 94.1% respectively. This indicates a more confident and optimistic attitude among the respondents living in the northern region of the country towards starting a business. The respondents in the northern region also report having the highest ease of starting a business which is 91.6%. However, it has the lowest entrepreneurial intentions which is at 12.4%, reflecting a lack of integrity between perception and action. In contrast, the South region reports the lowest perceived opportunities and capability which are 69.6% and 78.2% respectively but having the highest entrepreneurial intentions which is 45.2%, suggesting a more necessity based approach towards entrepreneurship. In contrast, the South region reports the lowest perceived opportunities and capability which are 69.6% and 78.2% respectively but having the highest entrepreneurial intentions which is 45.2%, suggesting a more necessity based approach towards entrepreneurship.

The West region reveals high scores for perceived opportunities and ease to start a business along with lowest scores in entrepreneurial intentions which are 84.2%, 83.4% and 29.2% respectively. The East region depicts strong perceived capabilities and opportunities to start a business which are 87.5% and 85.8% but lower entrepreneurial intentions and fear of failure which are 27.4% and 57.1% respectively.

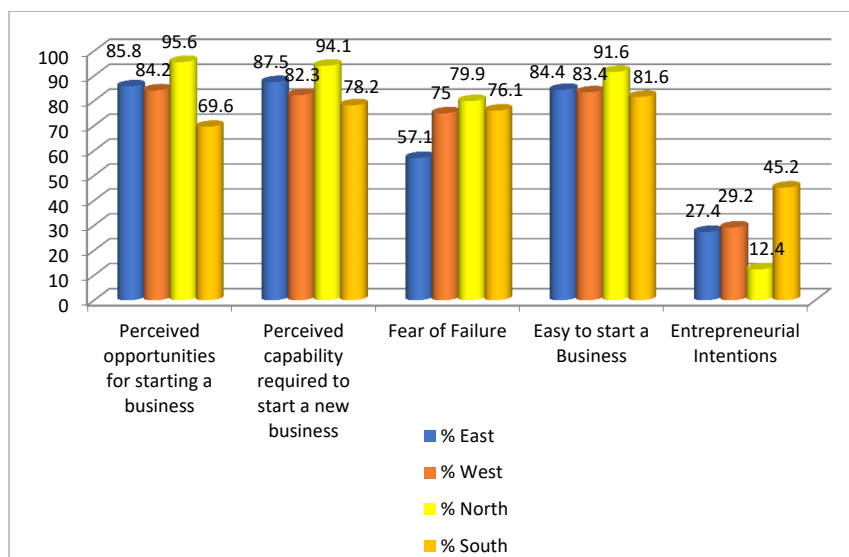


FIGURE 3.4 Region-wise distribution of Entrepreneurial Attitudes and Perceptions: A comparison of the Indian regions

Source: GEM India Survey 2024–25

3.7 Rural-Urban distribution of Entrepreneurial Attitudes and Perceptions

Figure 3.5 presents a comparative rural-urban region-based analysis of entrepreneurial perceptions and attitudes in India. From the data, it has been evident that people in the rural regions have higher levels of perceived opportunities and capabilities which are 85% and 86.9% respectively. These figures are comparatively higher when compared to the people in the urban regions which are 80.9% and 82.4% respectively. This reflects a progressive entrepreneurial mindset among population in rural India where individuals feel confident in their ability to start a venture. Both rural-urban groups equally perceive starting a business as easy which is 85%, reflecting the impact of nationwide strategies and support mechanisms in simplifying the entrepreneurial processes across the geographies.

However, fear of failure remains a significant barrier for both the populations with urban respondents revealing higher scores than rural respondents which are 72.4% and 71.4% respectively. Similarly, urban population also reported higher entrepreneurial intentions which is 33.8% compared to their rural counterparts which is 24.8% indicating the role of better resources and outreach in the urban regions of the country.

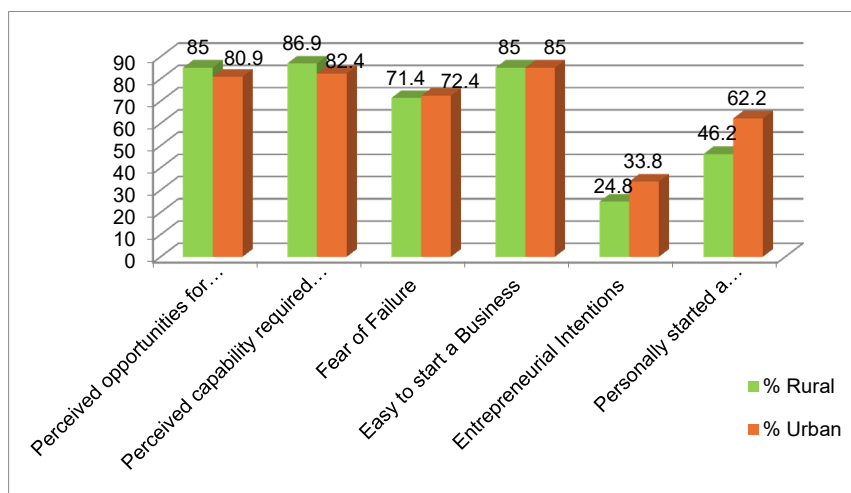


FIGURE 3.5 Rural -Urban distribution of Entrepreneurial Attitudes and Perceptions

Source: GEM India Survey 2024–25

Policy Focus

India needs to design its targeted interventions towards strengthening the entrepreneurial intent among the early-stage entrepreneurs which should include improving financial barriers, cultural and contextual factors promoting and enhancing entrepreneurship culture and certain other risk-mitigation mechanisms. Likewise, factors promoting and enhancing women entrepreneurship should also be taken into consideration, where women led, initiatives are prioritized using community-based engagement, mentorship programs and activities to meaningfully contribute to broader goal of inclusive and sustainable growth. Addressing barriers related to rural entrepreneurship should also be tackled in terms of challenges such as credit linkages, market linkages, exposure and better support mechanisms to lower the fear of failure and increase the entrepreneurial potential translating into sustained venture creation.

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