

STARTUP SATURDAY

'Failure should be celebrated because real learning happens from there'

face to face

PRAMOD CHAUDHARI, Praj Industries

Startup lessons from a self-made billionaire

A distinguished alumnus of IIT Bombay (1971), Pune-based industrialist Pramod Chaudhari began as a first generation entrepreneur in 1984 and built the ₹1,000 crore biofuels technology firm, Praj Industries from scratch. He spoke to **Abhay Vaidya** on the opportunities and challenges faced by the startup community in India.

port. Today, startups definitely get all of this, but the hit ratio (success rate) is quite low. In our time the hit ratio was 1:10, today, it is 1:50, to take a ballpark figure. Just one out of 50 startups succeed today as against one out of ten in our time. By the time you develop something and go into the market, someone else has already done that in China or somewhere else. The world has also come closer.

You come from a humble background. You studied at IIT Bombay and then went on to establish Praj Industries which today is a ₹1,000-crore company. How did it all happen?

Majority of my classmates - I am talking of the early '70s - went on to do a Master's because of the License Raj, American Dream, etc. I was among those who decided to stay back, partly because of the nationalistic spirit. Also, I always knew that I wanted to be on my own, be an entrepreneur. There was fire in the belly. But, I knew I did not come from a business family - my mother was a school teacher, my father was a middle class officer. I didn't have capital. So I thought I should first get experience. I worked for 10-12 years, first for Bajaj Tempo in Pune and then for a Bengaluru company in Pune. The most valuable experience was how to deal with people, because if you want to be on your own, you need to know how to deal with people.

I always felt that human capital was more important than financial capital. Then was the moment when I had to take the plunge into entrepreneurship. Phase one was IIT to job, phase two was be on your own and after that, the journey was all about growth. When I began, I looked for a niche area to launch my business. Today, it is very difficult for startups to get a niche area. We were lucky in those days because we could find a niche very fast, but there were other problems like the licence raj and money not coming easily.

How do you view today's startup environment from the time you started?

I did hardcore engineering work and working in the capital goods space was not easy. For the technology engineering work that I did, I got venture capital support from ICICI Bank. That was my turning point in that phase. That really helped us take off and we got counselling and other sup-

What areas should people interested in entrepreneurship look at closely?

(Laughs). That's a very tough question to answer. I approached this in a different way. There are three challenges in the Indian context. There is Scarcity, there is need for Security (energy security for example) and the third is Scalability - how to provide things to 1.2 billion people. These three things are our challenges and opportunities. There are three solutions to this - Education, Innovation and Entrepreneurship, one leading to the other. Education can lead to Innovation and that in turn can lead to Entrepreneurship. This has to happen in a sustainability framework of People, Planet and Profit.

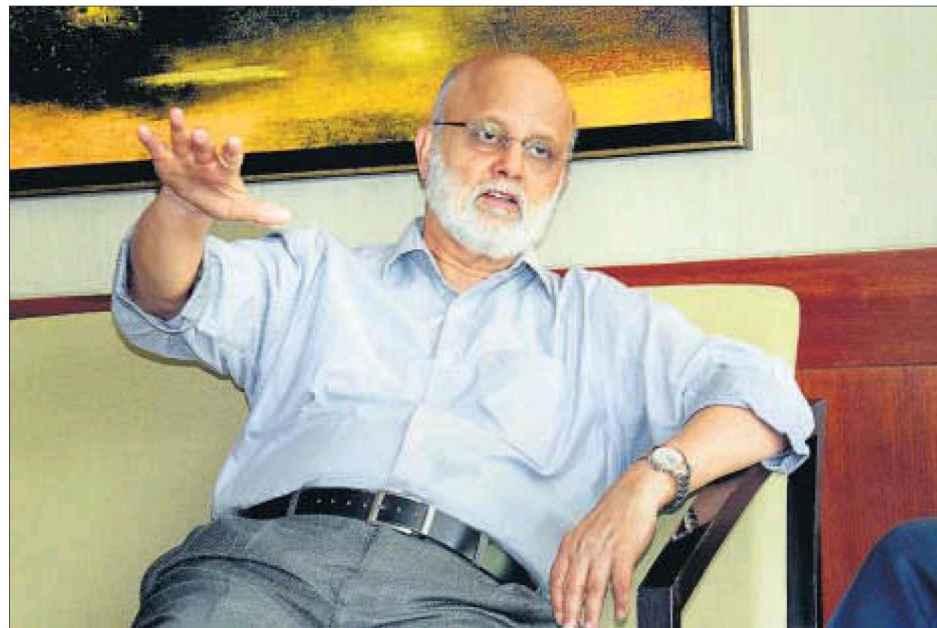
Things can fall in place if I take to this approach. This is easier said than done, but it is Innovation which gives you the linkage between both the sides. So there's no magic pill to achieve things, but this can help.

Now, anyone and everyone wants to apply Internet of Things (IoT) in a variety of services. I am not keen on that because it is a easily copyable model. Manufacturing and product development is what we need. Within this, we have to see what strata and what community we are helping. Are we addressing rural needs, because we have a large, rural population. When we address the needs of the masses, there is a bit of assurance from the market. Many startups have failed today inspite of brilliant ideas only because they have not been able to commercialise.

Could you name some Indian startups with enormous promise and potential?

There is lot of interesting work happening in improving the efficiency of solar cells, making of artificial silk, new age medical sutures, e-cycles and drones.

What are the common mis-



■ Pramod Chaudhari, executive chairman, Praj Industries in Pune says he always knew he wanted to be an entrepreneur.

HT PHOTO

Innovation Grid

Challenges	Solutions	Sustainability Framework
Scarcity	Education	Profit
Security	Innovation	People
Scalability	Entrepreneurship	Planet

According to Pramod Chaudhari's Innovation Grid, Scarcity, Security and Scalability are the three challenges in the Indian context. They can be addressed through Education, Innovation and Entrepreneurship, one leading to the other, within the sustainability framework

PRAMOD CHAUDHARI, FOUNDER CHAIRMAN, PRAJ

takes that today's entrepreneurs make?

Many technocrat-entrepreneurs fall in the trap of their own creations and get stuck there. They tend to neglect the commercial take-off of their products. Failure in marketing and commercialisation are the other two reasons why startups fail.

Why do you have so many innovations coming in from Israel and the United States?

The research ecosystem there is more conducive. There is a lot of

encouragement. Failure is celebrated. This is a very important statement. Failure should be celebrated because real learning happens from there. We did not give much importance to R&D. Very few companies are genuinely doing R&D. There is not enough infrastructure in colleges. There is a huge difference in the level of research and post-graduate courses in those countries as compared to us. That makes a big difference.

Your advice to those interested

in becoming entrepreneurs?

I would say that people wanting to become entrepreneurs should first check whether they are passionate about it and have fire in the belly.

They shouldn't be here because of herd mentality or become an also-ran. There are many ups and downs and a lot of perseverance is required. You need firm commitment and passion. Having a successful startup looks very glamorous, but it is not so. You need lots of awareness and caution too.

he says

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