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DRIVING ECONOMIC GROWTH THROUGH ENTREPRENEURSHIP ECOSYSTEM

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INTRODUCTION

ENTERPRENEUR

“An entrepreneur is one who always searches for change, responds to it and exploits it as an opportunity. Innovation is the basic tool of entrepreneurs, the means by which they exploit change as an opportunity for different business of service.”

--Peter Drucker

To put it very simply an entrepreneur is someone who perceives opportunity, organizes resources needed for exploiting that opportunity and exploits it. Laptops, mobile phone, Motor Bikes, Credit Cards, Courier Service, and Ready to eat Foods are all examples of entrepreneurial ideas that got converted into products or services.

ENTREPRENEURSHIP

‘A systematic innovation, which consists in the purposeful and organized search for changes, and it is the systematic analysis of the opportunities such changes might offer for economic and social innovation.’

-- Peter Drucker

Entrepreneurship is the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities.

Entrepreneurship is a creative human act involving the mobilization of resources from one level of productive use to a higher level of use. "It is the process by which the individual pursue opportunities without regard to resources currently controlled."

Entrepreneurship involves a willingness to take responsibility and ability to put mind to a task and see it through from inception to completion. Another ingredient of entrepreneurship is sensing opportunities, while others see chaos, contradiction, and confusion. Essence of Entrepreneurship is going against time with maturity and serving as a change agent.

GROWTH OF ENTREPRENEURSHIP IN INDIA

The proper understanding of the growth of entrepreneurship of any country would evolve within the context of the economic history of the particular country becomes the subject matter of this section. The growth of entrepreneurship in India is, therefore, presented into two sections viz.

- Entrepreneurship during Pre-Independence
- Entrepreneurship during Post-Independence

ENTREPRENEURSHIP DURING PRE-INDEPENDENCE

The evolution of the Indian entrepreneurship can be traced back to even as early as Rigveda, when metal handicrafts existed in the society. This would bring the point home that handicrafts entrepreneurship in India was as old as the human civilization itself, and was nurtured by the craftsman as a part of their duty

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towards the society. Before India came into contact with west, people were organized in a particular type of economic and social system of the village community. Then, the village community featured the economic scene in India. The Indian towns were mostly religious and aloof from the general life of country. The elaborated cast based diversion of workers consisted of farmers, artisans and religious priests. The majority of the artisans were treated as village servants. Such compact system of village community effectively protecting village artisans from the onslaughts of external competition was one of the important contributing factors to the absence of localization of industry in ancient India.

Evidently, organized industrial activity was observable among the India artisans in a few recognizable products in the cities of Banaras, Allahabad, Gaya, Puri & Mirzapur which were established on their river basins. Very possibly this was because the rivers served as a means of transportation facilities. These artisan industries flourished over the period because the Royal patronage was to them to support them. The workshops called 'kharkhanas' came into existence. The craftsmen were brought into an association pronounced as 'guild system'. On the whole, perfection in art, durability beyond doubt and appeal to the eye of the individual were the distinguishing qualities inherent in the Indian craftsmanship that brought much everlasting laurels of name and fame of the illustrious India in the past. To quote, Bengal enjoyed worldwide celebrity for Corah, Lucknow for chintzes, Ahmadabad for dupptas, and dhotis, Nagpur for silk boarded cloth, Kashmir for shawls and Banaras for metal wares. Thus, from the immemorial till the earlier years of the 18th century, India enjoyed the prestigious status of the queen of the international trade with the help of its handicrafts.

ENTREPRENEURSHIP DURING POST- INDEPENDENCE

After taking a long sign of political relief in 1947, the Government of India tried to spell out the priorities to devise a scheme for achieving balanced growth. For this purpose, the Government came forward with the first Industrial Policy, 1948 which was revised from time to time." The Government in her various industrial policy statements identified the responsibility of the State to promote, assist and develop industries in the national interest. It also explicitly recognised the vital role of the private sector in accelerating industrial development and, for this, enough field was reserved for the private sector.

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The Government took *three* important measures in her industrial resolutions:-

- (i) to maintain a proper distribution of economic power between private and public sector;*
- (ii) to encourage the tempo of industrialisation by spreading entrepreneurship from the existing centres to other cities, towns and villages, and*
- (iii) to disseminate the entrepreneurship acumen concentrated in a few dominant communities to a large number of industrially potential people of varied social strata.*

To achieve these adumbrated objectives, the Government accorded emphasis on the development of small-scale industries in the country. Particularly since the Third Five Year Plan, the Government started to provide various incentives and concessions in the form of capital, technical know-how, markets and land to the potential entrepreneurs to establish industries in the industrially potential areas to remove the regional imbalances in development. This was, indeed, a major step taken by the Government to initiate interested people of varied social strata to enter the small-scale manufacturing field. Several institutions like Directorate of Industries, Financial Corporations, Small-Scale Industries Corporations and Small Industries Service Institute were also established by the Government to facilitate the new entrepreneurs in setting up their enterprises. Expectedly, the small-scale units emerged very rapidly in India witnessing a tremendous increase in their number from 121,619 in 1966 to 190,727 in 1970 registering an increase of 17,000 units per year during the period under reference.

The recapitulation of review of literature regarding entrepreneurial growth in India, thus, leads us to conclude that prior to 1850, the manufacturing entrepreneurship was negligible lying dormant in artisans. The artisan entrepreneurship could not develop mainly due to inadequate infrastructure and lukewarm attitude of the colonial political structure to the entrepreneurial function. The East India Company, the Managing Agency Houses and various socio-political movements like *Swadeshi* campaign provided, one way or the other, proper seedbed for the emergence of the manufacturing entrepreneurship from 1850 onwards.

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The wave of entrepreneurial growth gained sufficient momentum after the Second World War. Since then the entrepreneurs have increased rapidly in numbers in the country. Particularly, since the Third Five Year Plan, small entrepreneurs have experienced tremendous increase in their numbers. But, they lacked entrepreneurial ability, however.

The fact remains that even the small entrepreneurship continued to be dominated by business communities though at some places new groups of entrepreneurs too emerged. Also, there are examples that some entrepreneurs grew from small to medium-scale and from medium to large-scale manufacturing units during the period. The family entrepreneurship units like Tata, Birla, Mafatlal, Dalmia, Kirloskar and others grew beyond the normally expected size and also established new frontiers in business in this period. Notwithstanding, all this happened without the diversification of the entrepreneurial base so far as its socio-economic ramification is concerned.

CURRENT SCENARIO OF ENTREPRENEURSHIP IN INDIA

According to the Global Entrepreneurship Monitor (2007) report, India's High-Growth Expectation Early-Stage Entrepreneurship (HEA) rate is only one-fifth of that of China. Further, among medium and low income countries, while China's nascent and new entrepreneurs appear to be the most growth-oriented, with more than 10 per cent of them anticipating high growth. Early-stage entrepreneurial activity in India is marked by low levels of growth expectation. This is despite the extremely high levels of potential entrepreneurial activity as perceived by the non-entrepreneurially active population in the country. While data on entrepreneurship is hard to come by, the following numbers are telling. According to the NSS 62nd round, in rural India, almost 50 per cent of all workers are self-employed – 57 per cent among males and nearly 62 per cent among females, while the corresponding figures in urban India are 42 for males and 44 for females. The NSSO defines a self-employed person as one who has worked in household enterprises as own-account worker; worked in household enterprises as an employer or worked in household enterprises as helper. The essential feature of the self-employed is that they have autonomy (decide how, where and when to produce) and economic independence (in respect of choice of market, scale of operation and finance) for carrying out their operation. According to the 5th Economic Census

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conducted by the Central Statistical Organisation (CSO), there are 41.83 million establishments in the country engaged in different economic activities other than crop production and plantation. Five states viz. Tamil Nadu (10.60 per cent), Maharashtra (10.10 per cent), West Bengal (10.05 per cent), Uttar Pradesh (9.61 per cent) and Andhra Pradesh (9.56 per cent) together account for about 50 percent of the total establishments in the country. The same five states also have the combined share of about 50 per cent of total employment.

India's Ranking in Doing Business 2008

Starting a Business	-111
Dealing with Licenses	-134
Employing Workers	-85
Registering Property	-112
Paying Taxes	-165
Trading Across Borders	-79
Enforcing Contracts	-177
Closing a Business	-137

(Source: *Doing Business*, World Bank, 2008)

Manpower: Availability of skilled manpower is another crucial issue for entrepreneurs. For example, in a survey of entrepreneurs conducted by KPMG and TiE in 2008, skilled manpower emerged as the second most important factor for fostering entrepreneurial growth. Further parameters reflecting labour market efficiency and flexibility are dismal. In the Global Competitiveness Index, India ranks 102nd in *hiring and firing practices* and 85th in *employing workers* in the Doing Business 2008 report.

Infrastructure: India's physical infrastructure – roads, rail, ports, power, and telecom – is also considered to be a bottleneck to the smooth operation of entrepreneurial activity. The high transport and supply chain costs that poor infrastructure entails can be affect competitiveness to a great extent, particularly for a small and medium enterprise. Enterprises surveyed in the Global Competitiveness

Report 2007-08, rated inadequate infrastructure as 'the most problematic factor' for doing business in India.

Education: While the influence of education on entrepreneurship is considered debatable, increasingly education is being seen as part of the larger ecosystem that impacts entrepreneurship and entrepreneurial motivations. Greater practical exposure, critical analysis, entrepreneurship curriculum, incubation and mentoring, industry-research linkages can help in fostering entrepreneurship.

SCOPE OF ENTREPRENEURSHIP DEVELOPMENT IN INDIA

In India there is a dearth of quality people in industry, which demands high level of entrepreneurship development programme through out the country for the growth of Indian economy.

The scope of entrepreneurship development in country like India is tremendous. Especially since there is widespread concern that the acceleration in GDP growth in the post reforms period has not been accompanied by a commensurate expansion in employment. Results of the 57th round of the National Sample Survey Organization (NSSO) show that unemployment figures in 2003-04 were as high as 8.9 million. Incidentally, one million more Indian joined the rank of the unemployed between 2005-06 & 2007-08. The rising unemployment rate (9.2% 2008 est.) in India has resulted in growing frustration among the youth. In addition there is always problem of underemployment. As a result, increasing the entrepreneurial activities in the country is the only solace. Incidentally, both the reports prepared by Planning Commission to generate employment opportunities for 10 crore people over the next ten years have strongly recommended self-employment as a way-out for teaming unemployed youth. We have all the requisite technical and knowledge base to take up the entrepreneurial challenge. The success of Indian entrepreneurs in Silicon Valley is evident as proof. The only thing that is lacking is confidence and mental preparation. We are more of a reactive kind of a people. We need to get out of this and become more proactive. What is more important than the skill and knowledge base is the courage to take the plunge. Our problem is we do not stretch ourselves.

However, it is appreciative that the current generations of youth do not have hang-ups about the previous legacy and are willing to experiment. These are the people who will bring about entrepreneurship in India. At present, there are various organizations at the country level & state level offering support to entrepreneurs in various ways. The Govt. of India & various State Governments have been implementing various schemes & programmes aimed at nurturing entrepreneurship over last four decades. For example, MCED in Maharashtra provides systematic training, dissemination of the information & data regarding all aspects of entrepreneurship & conducting research in entrepreneurship. Then there are various Govt. sponsored scheme for the budding entrepreneurs.

CONCLUSIONS

There are ample opportunities in small businesses in India and such opportunities will transform India in the coming future. For such transformation to happen there needs to be support both at the governmental and societal level. For the government it is important to realize that the goal of small business owners will be to remain self-employed. Such people may not need financial assistance but they will need marketing and legal assistance in order to sustain themselves. Practical and cost effective programs need to be developed to address their needs because self-employed people will represent an important segment in economic revitalization. Entrepreneurship development is the key factor to fight against unemployment, poverty and to prepare ourselves for globalization in order to achieve overall Indian economic-progress.

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