



Features of Entrepreneurship in India

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ABSTRACT:

Entrepreneurship is a dynamic process of vision, change and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. The prime intention of present paper is to study role of Entrepreneurship in the economic development. This research is based on the survey and analysis of secondary data were collected from the relevant publications of government and nongovernmental organizations, books, journals, magazines, and newspapers in addition to visits to various websites. Entrepreneurship growth aims to enlarge the base of entrepreneurs in order to hasten the pace at which new venture are created. This accelerates employment generation and economic development. Entrepreneurship growth development focuses on the individual who wishes to start or expand a business. Entrepreneurs play a key role in the economic development of a country. Entrepreneurship development is the key factor of fight against unemployment, poverty and to prepare ourselves for globalization in order to achieve overall Indian economic progress.

Keywords: Economy, Ecosystem, Entrepreneurship, Growth, India, Innovation

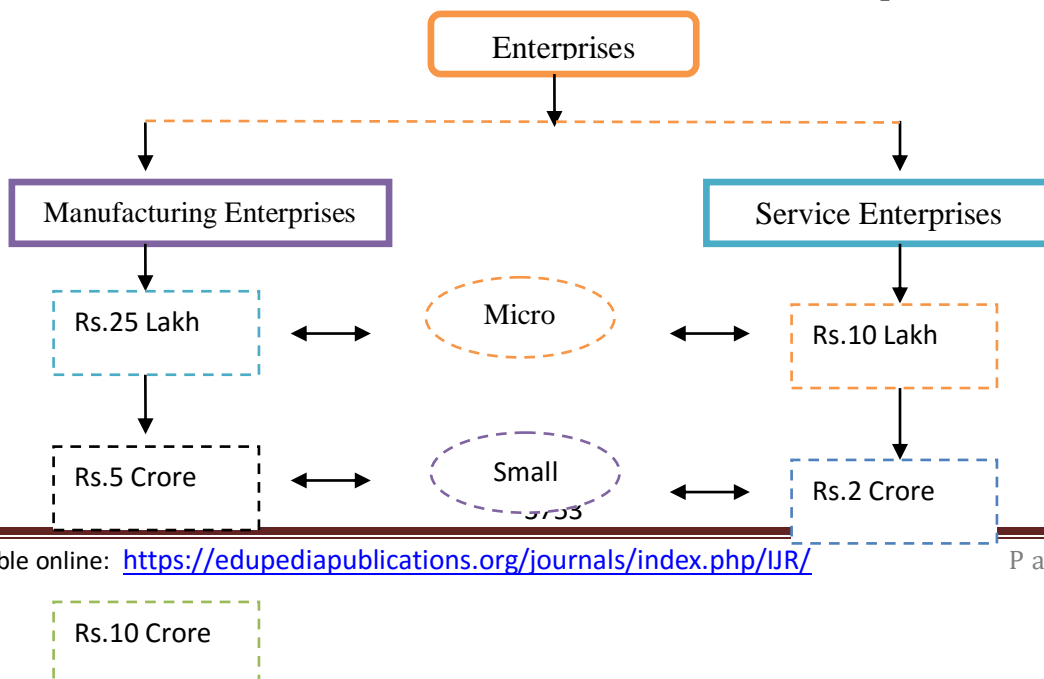
1. INTRODUCTION

The entrepreneurship is very an old concept according to which anyone who runs business is called an entrepreneur. More precious meaning of entrepreneur is one who perceives a need and then brings together manpower, material and capital required to meet that need. Entrepreneurship has been considered as the propensity of mind to take calculated risk with confidence to achieve predetermined business objective. In underdeveloped economy resources are limited and cannot be utilized for further developments of products. Entrepreneurship is the act and art of being an entrepreneur or one who undertakes innovations or introducing new things, finance and business acumen in an effort to transform innovations into economic goods. This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity.

Entrepreneurship vs. Small Business

Small Business/Small scale enterprises or small and medium sized enterprises are companies whose headcounter or turnover falls below certain limits. The sector has undergone several changes regarding definition. The Small Scale Sector (SSI) has been renamed as Micro, Small and Medium Enterprises with the introduction of MSMD Act, 2006. The act provides legal framework for enterprise which includes the manufacturing and service entities. In India, the enterprises have been classified broadly into manufacturing and those engaged in providing or rendering of services. These categories of enterprises have been further classified into micro, small and medium enterprises based on their investment in plant and machinery for manufacturing enterprises and on equipment for enterprises providing or rendering services. The limits for investment in plant and machinery for manufacturing and equipment for service enterprises before and after October 2, 2006 are as follows:

Figure 1
Classifications of Micro, Small and Medium Enterprises





MSME Development Act 2006

The Act has also defined medium enterprises for the first time. The enterprises are further classified into Micro, Small and Medium categories. The investment limits of these enterprises are as follows:

1. Manufacturing Enterprises:

- i) A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs.25 lakh;
- ii) A small enterprise is an enterprise where investment in plant and machinery is more than Rs.25 lakh but does not exceed Rs.5 crore: and
- iii) A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 crore but does not exceed Rs.10 crore.

2. Service Enterprises:

- i) A micro enterprise is an enterprise where the investment in equipment does not exceed Rs.10 lakh;
- ii) A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakh but does not exceed Rs.2crore: and
- iii) A medium enterprise is an enterprise where the investment in equipment is more than Rs.2 crore but does not exceed Rs.5 crore.

II. REVIEW OF LITERATURE:

There is extensive research done to understand the effect of entrepreneurship on economic development but there is limited research that looks into the effect of economic development and other measures on entrepreneurship mostly limited to developed economies.

Drucker (1985) Entrepreneurship and innovation often go hand in hand. Drucker already in 1985 linked entrepreneurship with innovation, by explaining that entrepreneurs use innovation as a tool in their work.

Smallbone and Welter (2001) Entrepreneurs contribute to economic development in terms of job creation, innovation and external income generation depending upon priorities and different stage of market reform. The authors suggested direct support to SMEs to overcome immediate difficulties to strengthen their potential for development and growth.

Carland and Carland (2004) studied the impact of entrepreneurship on employment and economic development of United States. They found that firms with less than twenty employees have greatest impact for the decade of 1990's. They suggested that the firm has great potential

for future economic development. Also, economic policy changes should be specifically to boost entrepreneurship.

Naude (2008) Entrepreneurship has important role to play in fostering from a predominantly traditional / agrarian economy to modern economy. With innovation driven growth productivity is increased in advanced countries. Self-employment, startup and credit market determine quantity and quality of entrepreneurship. They found that low entrepreneurial activity contribute to economic stagnation and even developmental gap.

III. OBJECTIVES:

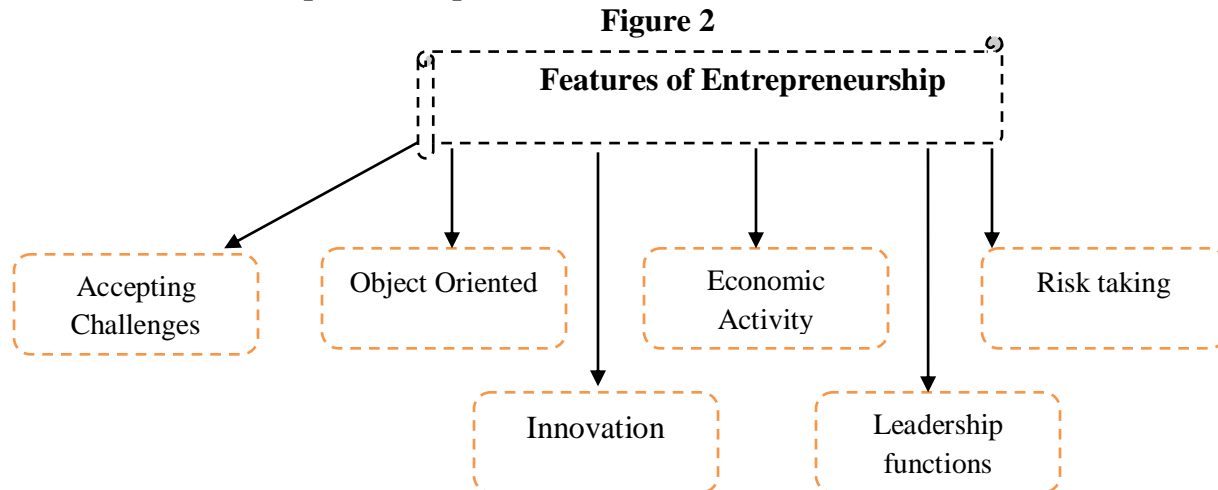
1. To study and understand the concept of Entrepreneurship
2. To study role of Entrepreneurship in the economic development
3. To examine growth of Entrepreneurship in India

3.1 CONCEPT OF ENTREPRENEURSHIP

Entrepreneurship is the act of being an entrepreneur, which is French word meaning “to undertake”. Entrepreneurs assemble resources including innovations, finance and business acumen in an effort to transform innovations into economic goods.

This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity. The most obvious form of entrepreneurship is that of starting new businesses; however, in recent years, the term has been extended to include social and political forms of entrepreneurial activity. When entrepreneurship is describing activities within a firm or large organization, it is referred to a entrepreneurship and may include corporate venturing, when large entities start spin-off organizations.

1.1 Features of Entrepreneurship:



1. **Accepting Challenges:** Entrepreneurship means accepting challenges amidst risk and uncertainty. While accepting entrepreneurship as a career, the entrepreneur accepts the challenges of all odds and puts high efforts to convert the odds into viable business opportunities by pooling together the responses for building a running the enterprise.
2. **Object Oriented:** Entrepreneurship is an object oriented process where a person or a group of person's works under an objective to earn profit by producing and selling different innovative products and service.

3. **Economic Activity:** Entrepreneurship is an economic activity which encompasses start up and management of business enterprises. This process is totally value oriented as well as profit oriented.
4. **Risk taking:** This characteristic feature implies assuming the responsibility for loss that may occur due to unforeseen contingencies of the future. Entrepreneur, by his deep insight and scientific approach, analyses the situation objectively and reduces the risk considerably on one hand and enhances the profit factor on the other.
5. **Innovation:** The most influential feature of entrepreneurship is innovation. Entrepreneur always try to find out new and better ways. They know it very well the one who does not improve, depending upon the changing times, perishes very fast.
6. **Managerial and leadership functions:** An industrial entrepreneur must have additional personality traits such as managerial and leadership skills. Managerial and leadership qualities, predominant orientation is in the direction of productivity, working relation, and creative integration along with desire to make profit. Entrepreneurship demands tactful handling of risk and uncertainties because new commodity and its acceptability are uncertain.

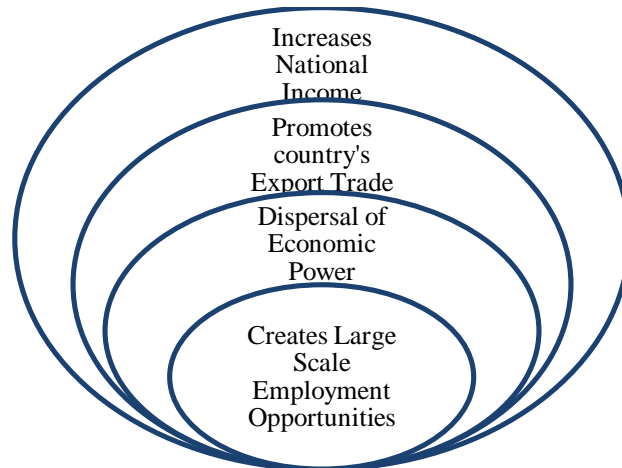
3.2 ROLE OF ENTREPRENEURSHIP IN THE ECONOMIC DEVELOPMENT:

The entrepreneur who implements 'new combinations of means of production' plays a crucial role in disturbing the status quo through innovation or 'creative destruction' and thereby becomes an agent of change. As such, the 'dynamic equilibrium' achieved by a constantly innovating entrepreneur could generate the conditions for:

- Increasing opportunities for employment (comprising various competitive skill sets);
- Additional wealth creation;
- Introduction and dissemination of new methods and technology; and
- Overall economic growth.

It is in the creation of more wealth, and in the constant innovation from prevailing to the next best practices, that the significance of Entrepreneurship lies. As such, the development of Entrepreneurship in a particular milieu depends not on a single overriding factor but rather on 'a constellation of factors' at the individual, societal and national levels. Entrepreneurship depends on individual motivations, individual experiences, socio-cultural (including family) traditions, educational opportunities, availability of relevant skills and attitudes, supporting financial institutions and access to credit, existence of commercial trading centres, supporting infrastructure including trade routes with efficient transport and communication facilities, macro-economic environment and overall political stability. It has also been argued that Innovation and Entrepreneurship flourish best in decentralized systems by empowered people, who are willing to explore new ideas as well as willing to deal with exogenous influences. Entrepreneurs play a significant role in economic development. Some of them are as follows below diagram.

Figure 3



- **Increases National Income:** The total output of all goods and services produced annually including all imports of the country is known as national income. The country produces goods and services according to the demands of domestic customers and number of exports. The country's demand increases with the growing population and their personal income. Whereas, level of export also increases due to the urgent requirement of imports in various countries. With the increasing demand, the total output of the nation also increases rapidly.
- **Promotes country's Export Trade:** Entrepreneurs also help in prompting export of goods and services in order to bring in huge foreign exchange reserves. Other than this, flow of foreign exchange reduces the import dues requirement. As a result, export trade promotion and import substitution accelerate economic growth.
- **Dispersal of Economic Power:** The limit and specific industrial development leads to the creation of market monopoly. Here, the economic power remains in the hands of few business people. This brings with it the evils of monopoly and exploitations. The entrepreneurial development breaks down the economic power and disperses it equally among new and emerging entrepreneurs, consequently, reducing the monopoly of few industries in the market.
- **Creates Large Scale Employment Opportunities:** The most crucial problem of any underdeveloped economy is unemployment. Entrepreneurs play an important role in providing job opportunities to large portion of the population.

As more and more entrepreneurial enterprises are developed, both small and large scale job offering are provided. The units of employed persons keep on increasing with the growth of the business. With the passage of time and success of the business, entrepreneurs set up more industries which offer more employment opportunities to the economy. In this way, entrepreneurs contribute efficiently towards the economic development of the country.

3.3 GROWTH OF ENTREPRENEURSHIP IN INDIA

The country's economic policy environment must be favourable for organizations to achieve efficiencies in today's global market. It should enable the entrepreneurs to provide a magical touch to an organization, whether in public or private or joint sector, in achieving speed, flexibility, innovativeness, and a strong sense of self-determination. They bring a new vision to the forefront of economic growth of a country. The growth of entrepreneurship particularly in the small scale sector can be traced to the Second World War boom which brought many



enterprising people from various walks of life including businessmen, artisans, etc., into the small industrial sector as entrepreneurs. During this period, quite a number of skilled workers established small firms using older machines and investing capital from private sources. During the post-independence period, India launched planned economic development programs in all sectors of the economy including small industries. One of the steps taken to encourage indigenous entrepreneurship was to ban the imports of a large number of consumer and other goods. This created a big vacuum in the Indian domestic market. Some of the businessmen, traders, agents themselves became entrepreneurs, taking advantage of the prevailing market situation.

After Independence:

Large scale industrialization entrepreneurs like Dirubai Ambani emerge. Globalisation arrives, and with it the premjis, the Narayana murthys, the Rajesh Jains etc., Over the last 60 years, India has seen the entrepreneur evolves in different role. The modern entrepreneurs are wealth creators, communicators, change agents, entertainers etc., the third millennium honestly belongs to Indian entrepreneurs. Today's knowledge based economy is fertile ground for entrepreneurs, in India. It is rightly believed that India has an extraordinary talent pool with virtually limitless potential to become entrepreneurs. Therefore, it is important to get committed to creating the right environment to develop successful entrepreneurs. To achieve this, India must focus on the following area.

- Create the Right Environment for Success
- Ensure that Entrepreneurs have access to the Right Skill
- Ensure that Entrepreneurs have access to Smart Capital
- Enable Networking and Exchange
- Government Support: Both the Central and State Governments should take more interest in promoting the growth of entrepreneurship.

IV.CONCLUSION

Entrepreneurship is the professional application of knowledge, skills and competencies and/or of monetizing a new idea, by an individual or a set of people by launching an enterprise de novo or diversifying from an existing one (distinct from seeking self employment as in a profession or trade), thus to pursue growth while generating wealth, employment and social good'. The country's economic policy environment must be favourable for organizations to achieve efficiencies in today's global market. It should enable the entrepreneurs to provide a magical touch to an organization, whether in public or private or joint sector, in achieving speed, flexibility, innovativeness, and a strong sense of self determination. They bring a new vision to the forefront of economic growth of a country. Growth of Entrepreneurship plays a critical role in the economic and social development of the country and their role needs to be strengthened further in view of their contribution towards fostering equitable growth and employment generation. Entrepreneurship and innovation are positively related to each other and interact to help an organization to prosper. Entrepreneurship is the lifeblood of any economy. Indian entrepreneurs are more about overcoming barriers, obstacles, inspiring & surmount in their fields. Entrepreneurship is one of the important segments of economic growth. Innovation is a key factor that an entrepreneur brings in an overall change through innovation for the maximum social good. The growth of entrepreneurship particularly in the small scale



sector can be traced to the Second World War boom which brought many enterprising people from various walks of life.

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