

# A Study on Impact of Entrepreneurship Development and Economic Growth in India

<sup>1</sup>Shahid Jibran, <sup>2</sup>Jyotsana Khandelwal, <sup>3</sup>Kamini Rajotia, <sup>4</sup>Azra Mufti, <sup>5</sup>Sabeha Mufti

<sup>1</sup>Research Scholar, <sup>2</sup>Assistant Professor, <sup>3</sup>Research Scholar, <sup>4</sup>Research Scholar, <sup>5</sup>Research Scholar

<sup>1</sup>School of Business & Management,

<sup>1</sup>Jaipur National University Jaipur, India

## Abstract

The concept of entrepreneurship development involves making a person equipped with the required information and knowledge that is used for enterprise building and enhancing his entrepreneurial skills. These days, entrepreneurship development programmes are considered as an important tool of industrialisation, and a solution to the unemployment problem of India. Entrepreneurship poses to be a critical element of dynamism into an economic system. The process of globalization & liberalization has introduced a set of changes. The Aim of the article is to elucidate the history of entrepreneurship, its development stages

This paper makes an attempt to study the Entrepreneurship Development (ED) process in India and the role of entrepreneurship development programme in the economic growth of a nation. The data used for the purpose of study are mainly from secondary source.

**Keywords:** Entrepreneurship, Entrepreneurship development, Entrepreneurship development programmes, Economic growth.

## I. INTRODUCTION

Entrepreneurs contribute in shaping economic destiny of nations by creating wealth and employment, offering products and services and generating taxes for government because of which entrepreneurship has closely and directly been linked to economic growth of a country. Entrepreneurs convert ideas into economic opportunities through innovations which are considered to be major source of competitiveness in an increasingly globalising world economy. Therefore, most governments in the world strive to multiply the supply of globally competitive entrepreneurs in their respective countries. Entrepreneurial development is a systematic and an organized development of a person to an entrepreneur. The development of an entrepreneur refers to inculcate the entrepreneurial skills into a common person, providing the needed knowledge, developing the technical, financial, marketing and managerial skills, and building the entrepreneurial attitude. Entrepreneurial development programmes may be defined as a programme designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively.

## II. LITERATURE REVIEW

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.

**Sadguru Jaggi Vasudev, founder of the Isha Foundation** "An entrepreneur need not necessarily mean one who is running a commercial business, but also one who is adventurous".

**Rahul et.al, Authors of the Game Changers** "An entrepreneur is a person who stood for what he/she believed in and was able to transform the lives of others through his/her action".

**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.

**Liu, Burridge, and Sinclair (2002)** investigated the causal links between trade, economic growth and inward foreign direct investment in china. With quarterly data long run relationship found between growth, export, import and FDI. The author finds bidirectional causality between economic growth, FDI and export which reinforce open door policy.

**C.K.Prahalad (2008)** states that the need for innovation in entrepreneurship. Entrepreneurs should follow the — sand box — approach in innovation. The reason is, sand in box is free flowing, shifting boundaries i.e., free from exploration and even playful experimentation with in extremely fixed specific constraints (the walls, straight & rigid) in countries like India with 700 million at the bottom of the pyramid. Consumers at varying level of income, the need for innovations that meet these criteria is now become obvious. Nation urges Entrepreneurs to Explore domestic opportunities to succeed, one need to continuous innovation & to have continuous innovation, one need to tap thinking of every one in enterprise. Innovation plays a key factor in an entrepreneurial quality.

**Naudé (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, start-up and credit market determine quantity and quality of entrepreneurship. They found that low entrepreneurial activity contributes to economic stagnation and even developmental gap.

### III. OBJECTIVES OF THE PAPER

The objectives of the paper are:

- 1) To study the Entrepreneurship development process in India
- 2) To highlight the impact of Entrepreneurship development programmes in the economic growth of the country.

#### Forbes List of 50 richest Indian people

Table: List of Indian Richest People in 2016

RANK	NAME	NET WORTH (\$ Bil)	ORIGIN OF WEALTH
1	Mukesh Ambani	\$22.7 B	Petrochemicals, oil & gas
2	Dilip Sanghvi	\$16.9 B	Pharmaceuticals
3	Hinduja Family	\$15.2 B	Hinduja group
4	Azim Premji	\$ 15 B	Software Services
5	Pallonji Mistry	\$ 13.9 B	Construction
6	Lakshmi Mittal	\$ 12.5 B	Steel
7	Godrej Family	\$ 12.4 B	Godrej Group
8	Shiv Nadar	\$ 11.4 B	Software Services
9	Kumar Birla	\$ 8.8 B	Commodities
10	Cyrus Poonawala	\$ 8.6 B	Vaccines
11	Uday Kotak	\$ 8.3 B	Banking
12	Sunil Mittal	\$ 6.6 B	Telecom
13	Gautam Adani	\$ 6.3 B	Commodities, infrastructure
14	Benu Gopal Bangur	\$ 5.9 B	Cement
15	Anand Burman	\$ 5.85 B	Consumer Goods
16	Shashi & Ravi Ruia	\$ 5.8 B	Diversified
17	Bajaj Family	\$ 5.7 B	Motorcycles
18	Subhash Chandra	\$ 5.6 B	Media
19	Savitri Jindal	\$ 5.3 B	Steel
20	Desh Bandhu Gupta	\$ 5.1 B	Pharmaceuticals
21	Vikram Lal	\$ 5 B	Motorcycles
22	Khushal Pal Singh	\$ 4.8 B	Real Estate
23	Pankaj Patel	\$ 4.5 B	Pharmaceuticals
24	Micky Jagtiani	\$ 4.4 B	Retail
25	M.A. Yusuff Ali	\$ 4 B	Retail
26	Madhukar Parekh	\$ 3.9 B	Adhesive

27	Samir & Sudhir Mehta	\$ 3.85 B	Diversified
28	Kuldeep Singh & Gurbachan Singh	\$ 3.7 B	Paints
29	Pawan Munjal	\$ 3.65 B	Motorcycles
30	Harish Mariwala	\$ 3.64 B	Consumer Goods
31	Vivek Chand Sehgal	\$ 3.6 B	Auto parts
32	Anil Ambani	\$ 3.4 B	Diversified
33	Kapil & Rahl Bhatia	\$ 3.35 B	Airlines
34	Ashwin Dhani	\$ 3.3 B	Paints
35	Ajay Piramal	\$ 3.25 B	Pharmaceuticals
36	Jain Family	\$ 3.2 B	Media
37	P.V.Ramprasad Reddy	\$ 3.15 B	Pharmaceuticals
38	Ravi Pillai	\$ 3.1 B	Construction
39	Vijay Chauhan	\$ 3 B	Biscuits
40	Kalanithi Maran	\$ 2.9 B	Media
41	Murali Divi	\$ 2.8 B	Pharmaceuticals
42	Samprada Singh	\$ 2.7 B	Pharma
43	Ashwin Choksi	\$ 2.65 B	Paints
44	Yusuf Hamied	\$ 2.6 B	Pharmaceuticals
45	Rajan Raheja	\$ 2.55 B	Diversified
46	Vinod & Anil Rai Gupta	\$ 2.52 B	Electrical Equipments
47	B.R Shetty	\$ 2.51 B	Healthcare
48	Acharya Balkrishan	\$ 2.5 B	Consumer Goods
49	Abhay Vakil	\$ 2.45 B	Paints
50	Chandru Raheja	\$ 2.4 B	Real Estate

### IV. ENTREPRENEURSHIP DEVELOPMENT PROCESS IN INDIA

Prof. David C. McClelland was the person who for the first time carried out Kakinada experiment on entrepreneurship development training during the mid-1960s. He postulated that (i) the need for high achievement was an essential ingredient for the emergence of entrepreneurs and (ii) that it could be developed. He tested hypothesis in a few training programs in Kakinada, Hyderabad and Bombay in India and Barcelona in Spain. The results indicated that it was possible to develop even the poor, illiterate, disadvantaged and other non-business communities into entrepreneurs and help them to set up and operate their own enterprises with appropriate training and counselling interventions. A 3-month training approach known as entrepreneurship development programme (EDP) which laid

emphasis on (i) setting up a small venture (ii) managing it; and (iii) making profits out of it, was evolved in Gujarat, during 1969-70. The programme was meant for new and selected entrepreneurs who had latent entrepreneurial potential. This programme which began as an experiment by Gujarat State Industrial Corporation started gaining momentum at the national level in the early seventies. There was a need to spread the programme to all the districts of Gujarat which ultimately led to the creation of the Centres for Entrepreneurship Development (CED) in Ahmadabad in 1979. It was the first specialized institute of its kind in the country, exclusively devoted to the task of entrepreneurship development. Encouraged and impressed by the success of CED, All India Financial Institution, viz., Industrial Development Bank of India (IDBI), Industrial Financial Corporation of India (IFCI), Industrial Credit and Investment Corporation of India (ICICI) and State Bank of India (SBI) with active support of the Government of Gujarat, sponsored a national resource organization, viz., Entrepreneurship Development Institute of India (EDI-I) in 1983. It was entrusted with the task of spreading and institutionalizing ED activities in the country. The Government of India has set-up three national-level Entrepreneurship Development Institute in India. These are, the National Institute for Micro, Small and Medium Enterprises (NI MSME), Hyderabad; the National Institute of Entrepreneurship and Small Business Development (NIESBUD) in NOIDA and the Indian Institute of Entrepreneurship (IIE) Guwahati. Subsequently, some of the state governments, with the support of all Indian financial institutions also took initiative in establishing state-level Institutes of Entrepreneurship Development (IEDs), like IED Lucknow, IED Bhubaneswar (Orissa), IED Patna (Bihar) or state centres such as Maharastra Centre for Entrepreneurship Development, Bhopal, Centre for Entrepreneurship Development of Karnataka, Dharwad (Karnataka) in order to take the ED activities down to grass-roots level. Further, in order to improve the success rate of the EDP trainees in the establishment of new enterprises, the Ministry has recently launched a new scheme, namely, Rajiv Gandhi Udyami Mitra Yojana. The main objective of this scheme is to provide handholding support to first generation entrepreneurs, through designated lead agencies i.e., 'Udyami Mitras'. Under this scheme, the 'Udyami Mitras' would provide guidance and assistance to the potential entrepreneurs registered with them, in preparation of project report, arranging finance, selection of technology, obtaining various approvals, clearances and NOCs etc.

#### V. ROLE OF ENTREPRENEURIAL DEVELOPMENT PROGRAMME IN THE ECONOMIC GROWTH OF A NATION

Role and relevance of Entrepreneurial Development Programme (EDP) in the process of economic development and growth of a nation is immense. It is the EDP through which the entrepreneurs learn the required knowledge and skill for running the enterprise successfully which ultimately contribute towards economic progress in the following ways:

- **Creates employment opportunities:** EDPs help solving the problem of unemployment by creating adequate employment

opportunities through setting up of small and big industrial unit where the unemployed can be absorbed. Various programmes, schemes like Prime Minister's Rozgar Yojana, National Rural Employment Programme and Integrated Rural Development Programme etc. have been initiated by Government of India to eliminate poverty and solve the problem of unemployment.

- **Helps in achieving Balanced Regional Development:** Successful EDPs assist in accelerating the pace of industrialisation in the backward areas and helps in reducing the concentration of economic power in the hands of an individual. The various concessions subsidies offered by the State and Central Governments prompted the entrepreneurs to set up their own small and medium industrial units in the rural and backward areas. Through EDPs more and more industrial units in the backward areas are set up which lead to the development of rural sector which finally helps in achieving balanced regional development.

- **Prevents industrial slums:** Entrepreneurial development programmes help in removal of industrial slums as the entrepreneurs are provided with various schemes, incentives, subsidies and infrastructural facilities to set up their own enterprises in all the non-industrialized areas.

- **Use of Local Resources:** Plenty of locally available resources remain unutilized due to absence of initiative and lack of adequate knowledge by the entrepreneurs. Proper use of these resources will help to starve out a healthy base for rapid industrialisation and sound economic growth. EDPs can help in the proper use of locally available resources by providing proper training, guidance and education to the potential entrepreneurs.

- **Economic Independence:** The entrepreneurs through EDPs are able to achieve economic independence of a country by producing a wide variety of better quality goods and services at competitive prices. The entrepreneurs also through export promotion and import substitution are able to earn and save urge amount of foreign exchange which is essential for the growth and development of any economy.

- **Improves the standard of living and per-capita income:** EDPs provide the necessary support to entrepreneurs by educating them about the test innovation and techniques of production to produce a large variety of quality goods and services at competitive prices. EDPs also help in establishing more enterprises which aid to provide more employment opportunities and help in increasing the earning of the people. It will result in increase in per-capita income and thus helps in the improvement of standard of living of the people.

#### VI. IMPORTANCE OF INNOVATION IN ENTREPREURSHIP

The rules and principles are similar for every entrepreneur who owns large or small enterprise.

Only the difference is, the starter faces toothache and hick ups at the early stage, whereas existing business face different problems, limitations, management problems and constraints in the market etc. Both the cases it needs to learn many things and should be innovative for the survival in the business market. The daily crisis cannot be postponed; it has to be dealt with right away. And the existing operation demands high priority



and deserves it. It thus takes special effort for the existing business to become entrepreneurial and innovative.

As **Drucker** says, “the enterprise that does not innovate inevitably ages and declines. And in a period of rapid change such as the present, an entrepreneurial period, the decline will be fast. Innovation requires major effort. It requires hard work on the part of performing, capable people- the scarcest resource in any organization”.

## VII. FUTURE OF ENTREPREURSHIP

Technology plays a crucial role in the future of entrepreneurship. Entrepreneurs have the chance to do both strategic planning and administrative work for their business. They can get involved in all sides of their business because the Internet makes it possible to do so. The future of entrepreneurship could involve high-performing entrepreneurs rather than people working for huge, faceless organizations.

The Internet and especially social media tools makes it possible to turning passion into a thriving business, and that anyone can create a personal brand and leverage it worldwide through technology. Entrepreneurs need to get up to speed with the latest innovations in business. Managers, entrepreneurs and other business-driven people simply cannot compete in today's market if they do not adopt the right tools. Social media, for instance, is indispensable to any business, in any industry, as it offers a range of business benefits both internally, within a company, and externally, between a company and other nodes of the business, such as clients or suppliers. It will also moving from an era of multinational businesses to one of the global small business. This means that anyone, wherever that person is located, can build a successful business if online tools are properly optimized.

As the Internet revolution advances, so does entrepreneurship. With constantly new and easier ways to build business, succeeding in this new era is a matter of having two things: Internet and a device that gives you access to it. Once an entrepreneur is in possession of these two, it is a matter of learning and mastering the different tools available online to turn your idea into a thriving business.

## VIII. CONCLUSION

*“An entrepreneur searches for change, responds to it and exploits opportunities. Innovation is a specific tool of an entrepreneur hence an effective entrepreneur converts a source into a resource.”*

*-Peter Ducker, Management Guru*

*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. *As someone said —failures are the stepping Stones for Success.* If we observe the way any entrepreneur, their life is not a bed of roses. They

faced many obstacles in the way of entrepreneurial achievement. The entrepreneur with his vision and ability to bear risk can transform the economic scene of the country. They play a vital role in initiating and sustaining the process of economic development of a nation. The overall aim of an entrepreneurial development programme is to stimulate a person for adopting entrepreneurship as a career and to make him able to identify and exploit the opportunities successfully for new ventures. The bottom line for all the entrepreneurial life taught the first lesson for success; and that is failure.

## IX. REFERENCES

*Daniel Priestley, “The Future of Entrepreneurship”.*

*Entrepreneurship Development Institute of India Available: [ediindia.ac.in/e-policy/Doc/Draft-National-Entrepreneurship-Policy.pdf](http://ediindia.ac.in/e-policy/Doc/Draft-National-Entrepreneurship-Policy.pdf)*

*Forbes(2016).*

*<https://www.forbes.com/sites/luisakroll/2016/03/01/forbes-2016-worlds-billionaires-meet-the-richest-people-on-the-planet/#4e9d63d77dc2>*

*<http://www.preservearticles.com/201101223641/complete-information-on-the-entrepreneurship-development-program-in-india.html>*

*<http://www.preservearticles.com/201101223649/role-and-relevance-of-entrepreneurial-development-programme.html>*

*Liu, X., Burrridge, P., & Sinclair, P. J. (2002). Relationships between economic growth, foreign direct investment and trade: evidence from China. Applied Economics, 34(11), 1433-1440.*

*MSME (2008). Khadi and Village Industry Commission. Available: [msme.gov.in/Chapter%207-Eng\\_200708.pdf](http://msme.gov.in/Chapter%207-Eng_200708.pdf)*

*Naudé, W. (2008) Entrepreneurship in economic development(No. 2008/20). Research Paper, UNU-WIDER, United Nations University (UNU).*

*Prahalad, C. K. (2008). Fortune at the bottom of the pyramid - Entrepreneurs to explore domestic opportunities.*

*Swami Vivekananda —Entrepreneurship on Focus*

*Smallbone, D. & Welter, F. (2001) The role of government in SME development in transition economies. International Small Business Journal, 19(4), 63-77.*

*[www.ent.ut.ac.ir/Jger/Images/UserFiles/1/file/pdf/dinesh%208.pdf](http://www.ent.ut.ac.ir/Jger/Images/UserFiles/1/file/pdf/dinesh%208.pdf)*