



# Role of entrepreneurship in economic development of India

**Dr. N. Nirmala Mani**

**Associate Professor, Department of Economics, A.N.U. Ongole Campus, Ongole.**

## Abstract

Entrepreneurship is considered to be the focal point in the process of economic development. Entrepreneurship is the creation or extraction of value. Entrepreneur who contribute towards the balanced development of a country by optimum use of its resources. Entrepreneurs are the people who create new business, which help to create jobs for people. They help in intensifying competition with the help of technology they master in increasing productivity and thus contributing in the development of the country and in the state, followed by economic growth. Entrepreneurship is good for economic growth and they convert the ideal resources like land, labour and capital into national income and wealth in the form of goods and services. They help to increase net national product and per capita income not only in the state but also in the country. The industrialization of a country and its space of economic development depends on the entrepreneurs. A country maybe inherited with plenty of natural resources, but its economic development cannot be possible in the absence of efficient entrepreneurs. An attempt has been made in this paper to analyze the importance of entrepreneurship, role of entrepreneurs in economic development, government initiation to develop entrepreneurs not only in India and in the state, measures to improve entrepreneurship, the growth rate of entrepreneurship in India and conclusions are discussed in this paper.

**Keywords:** entrepreneurship, economic development, industrialization.

## Introduction:

The Indian entrepreneurship segment comprising of SME's, startups, first generation entrepreneurs at those look into expand their family business is a staving and dynamic part of Indian economy. Both favorable and otherwise have impacted the segment. Entrepreneurship is the creation or extraction of value. An attempt has been made in this paper to analyze the importance of entrepreneurship, role of entrepreneurs in economic development, government initiation to develop entrepreneurs not only in India and in the state, measures to improve entrepreneurship, the growth rate of entrepreneurship in India and conclusions are discussed in this paper.

## Meaning:

The entrepreneur who is a business leader looks for ideas and put them into effect to fostering economic growth and development. Entrepreneurship is one of the most important input of economic development. The entrepreneur acts as a trigger head to give spark to economic activities by his entrepreneurial decision. He plays a vital role not only in the development of industrial sector of a country but also in the development of farm and service sector. An entrepreneur can be regarded as a person who have the initiative skill and motivation to setup a business or enterprise of his own and who always look for high achievements. He is the catalyst for social change and works for the common good. They look for opportunities, identifies them and seize them mainly for economic gains. The entrepreneur supplies risk capital as a risk taker monitors and controls the business activities.

## Characteristics and skills of entrepreneur:

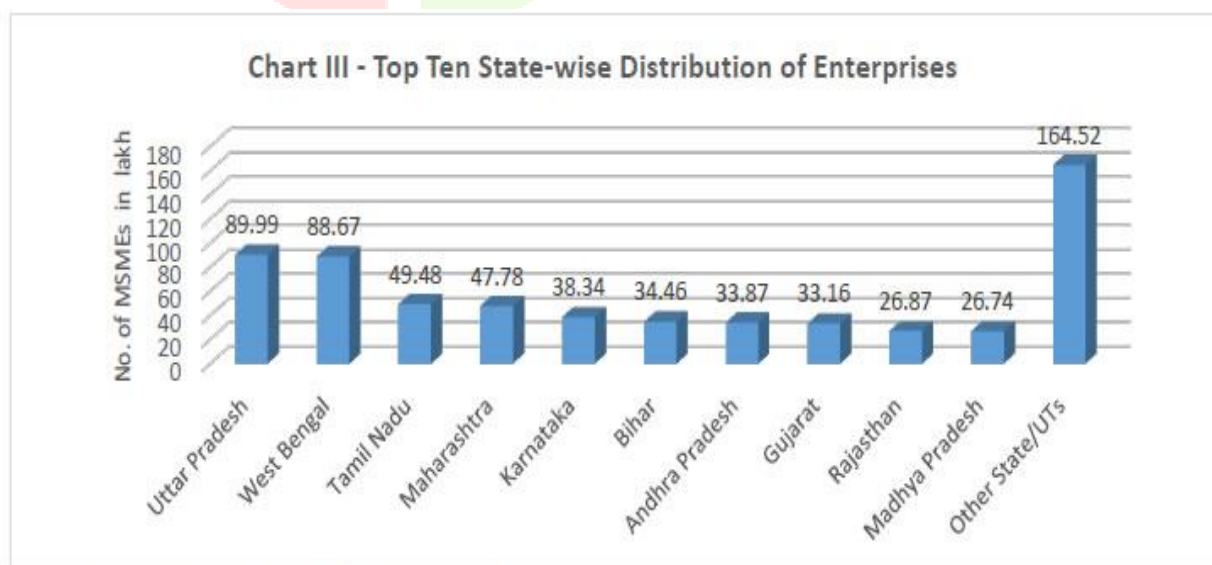
- 1) Entrepreneurs are like gamblers, and like any other gambler, their chances of winning increase if they have the right cards.
- 2) A tolerance for risk taking is a necessary attribute for entrepreneurs. You can think of risk taking as pursuing an activity even if there is a chance of a negative consequence. Starting a business is risky and even more so, when you are using your own money.
- 3) Entrepreneurs also need creativity. Successful entrepreneurs innovate in one of two ways. Firstly they can bring an entirely new product or service to the market like the first cellular phone, on the other hand they can radically improve upon something in a dramatic way.
- 4) Initiative is also required. Entrepreneurs lead. If you are not willing to start without being pushed, your new business will never get off the ground.
- 5) Independence is also a paramount attribute for entrepreneurs. Nobody holds an entrepreneurs hand, and they don't want any hand-holding.

## Need for entrepreneurship development:

Economic development essentially needs a process of upward change where by the real per capita income of a country increases over a period of time. Entrepreneurship has an important role to play in development of a country. It is one of the most important inputs in economic development. The number and competence of entrepreneurs effect the economic growth of the country. The economic history of the presently advanced countries like USA, Russia and Japan supports the fact that economic development is the outcome for which entrepreneurship is an inevitable cause. The crucial and significant role played by the entrepreneurs in economic development of advanced countries has made the people of developing and underdeveloped countries conscious of the importance of entrepreneurship for the economic development. It is now a widely accepted fact that active and enthusiastic entrepreneurs can only explore potentials of the counties availability of the resources such as labor, capital and technology.

## Entrepreneurship trends in 21<sup>st</sup> century:

In the 2000s, entrepreneurship was extended from its origin for profit business to include social entrepreneurship in which business goals are sought alongside social, environmental, or humanitarian goals and even the concept of the political entrepreneur. Entrepreneurship within existing firm or large organization has been referred to an entrepreneurship and may include corporate ventures where large cities (spin-off) subsidiary organizations. Entrepreneurs are leaders willing to take risk exercise initiative. The term entrepreneurship has been extended to include a specific mind set resulting in entrepreneurial initiatives. Entrepreneurs' participating in a new business creation is a common activity among US workers over the course of their careers. In recent years entrepreneurship has been claimed as major driver of economic growth in both the United States and Western Europe.



Source: Annual Report 2017-18 Ministry of MSME

## **Top 5 trends in the Indian Entrepreneurship Sector for 2020-21**

- 1) Digitization & Automation: Even as Technology is making its Presence felt across sectors, Digitization and automation of business processes will be adapted faster, even by smaller start-ups and entrepreneurs.
- 2) Business Collaborations
- 3) Customer Service Focus
- 4) Diversification
- 5) Focus on R & D/ innovation

## **The biggest trends in entrepreneurship in India:**

The barriers to entrepreneurship are technically low. It is generally easy to go through the bureaucratic steps to be entrepreneurs. Many established companies are promoting innovation through internal entrepreneurs. There are some employees which are allowed to work like entrepreneurs. Marketers bare becoming entrepreneurs, more and more people with marketing ability are taking off entrepreneurship. With the rise of social media, it is increasingly marketing ability that sells any product. Hiring contract workers is the thing to do so. Since it is getting more expensive to hire and retain contract workers is the thing to do. Entrepreneurs are laser-focused on revenue. The more entrepreneurs are seeing the need to focus on revenue first and foremost. The entrepreneur is forced to gain early viability and near instant revenue, most companies are digital. They focus on revenue. New entrance includes health, which connects diabetic patients directly with doctors via video chat.

## **Role of Entrepreneurs in economic Development**

1. **Wealth Creation and Sharing:** By establishing the business entity, entrepreneurs invest their own resources and attract capital (in the form of debt, equity, etc...) from investors, lenders and the public. This mobilizes public wealth and allows people to benefit from the success of entrepreneurs and growing businesses. This kind of pooled capital that results in wealth creation and distributions is one of the basic imperatives and goals of economic development.
2. **Create Jobs:** Entrepreneurs are by nature and definition job creators, as opposed to job seekers. The simple translation is that when you become entrepreneurs, there is one less job seeker in the economy, and then you provide employment for multiple other job seekers. This kind of job development.
3. **Promotes capital formation:** Entrepreneurs promote capital formation by mobilization the ideal savings of public which is very essential for the industrial and the economic development of the country.
4. **Creates Large-Scale Employment Opportunities:** Entrepreneurs provide immediate large scale employment to the unemployed which is chronic problem of under developed nations.

5. **Promotes the balanced regional development:** Entrepreneurs help to remove regional disparities throw setting up of industries in less developed and backward areas.
6. **Reduces concentration of reduces economic power:** Economic power is the natural outcome of industrial and business activity.
7. **Wealth Creation and Distribution:** It Stimulates equitable distribution of wealth and income in the interest of the country to more people and geographic areas .
8. **Increasing gross national product and per capital income:** Entrepreneurs always look out for opportunities they explore and explicate opportunities, encourage affective resource mobilization of capital and skill.
9. **Improvement in the standard of living:** increasing in the standard of living of the people is a characteristic feature of economic development of the country.
10. **Promotes country export trade:** Entrepreneurs promoting help in a country export trade which is an important ingratiate of economic development.
11. **Entrepreneurs create new business:** stimulation of related businesses or sectors that support the new ventures adds to for the economic development.
12. **Facilities and over all development:** entrepreneurs act as catalyst agent for change which results in chain reaction. Once an enterprise is established the process of industrialization is set in motion.
13. **Creating innovation:** an entrepreneur is a person who always looks for change apart from combining the factors of production; he also introduces new ideas and new combination of factors.
14. Entrepreneurship helps better distribution of wealth and investment.

## Conclusion:

The entrepreneurship have positive impact on economic development as it gear up capital formation, generate huge employment, improve standard of living of the people of the nation, boost up wealth creation and decentralized distribution of economic resources, increases Gross National Product (GNP) and per capita income, promotes country's export trade and facilitates overall development of the nation. The Entrepreneurs with their ability to scan, analyze and identify opportunities in the environment transform them into business proposition through creation of economic entities. One of the most important goals of contemporary economics is determining the factors that cause economic growth. Traditional neoclassical theory holds that the economic growth of a country is determined by the supplies of both labor and capital the country possesses and level of technology present in that country. The level of technology in a given society is heavily dependent on the level of knowledge in that society. An entrepreneur is a person who starts an enterprise. He searches for change and responds to it. Entrepreneurship involves a fusion of capital, technology and human talent. Entrepreneurship is equally applicable to big and small businesses, to economic and non-economic activities. Different entrepreneurs might have some common traits but all of them will have some different

and unique features .Entrepreneurs locate and exploit opportunities. They convert the latent and idle resources like land, labour and capital into national income and wealth in the form of goods and services. They help increase Net National Product and Per Capita Income in the country. So, there is a very important role for entrepreneurs to spark economic development by starting new businesses, creating jobs, and contributing to improvement in various key goals such as GDP, exports, standard of living, skills development and community development. Entrepreneurship Improves Productivity As businesses and workers become more efficient, costs fall, profits and incomes rise, demand expands, and economic growth and job creation accelerate. But what is economic development? Economic development is a process of targeted activities and programs that work to improve the economic wellbeing and quality of life of a community by building local wealth, diversifying the economy, creating and retaining jobs, and building the local tax base. The four functions of an entrepreneur are – Innovation & creativity, Risk taking and achievement, organization & management and other functions.

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