

Role of Entrepreneurship in the Industrial Development of India

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ABSTRACT

There's no doubt that entrepreneurship can greatly impact the economy of a nation, hence, entrepreneurs are often considered to be national assets. This is primarily because a great entrepreneur has the capability to completely change the way we live and work. They can not only improve our standard of living but they also actively contribute to the growth of the economy. This paper based on the study of Entrepreneurship and its role in industrial development in India. The Industrial development of the nation depends upon industrial development and it is based on entrepreneurial skills and competencies of the individuals.

1. Introduction

Entrepreneurship is a crucial and inevitable activity. An entrepreneur helps in economic development of any country and for India it is very important in up-liftment of the economy in many ways. By substitution of import and promoting the export Indian economy can beat the current pace of growth. Entrepreneurship would be very much lucrative in import substitution by originating the ways through which the cost of production of any product can be less as compared to its import from foreign country. Similarly, entrepreneurship also play a key role in export promotion of the product by improving the quality of the product of the organisation through deep market analysis of the product and making the international quality standard product. But since independence, India was struggling for its economic development due to less emphasis on the role of entrepreneurship yet there is abundance of resources available in all the sectors. Also, with the introduction of capital-intensive technology the labours who were employed retrenched from their jobs because they were found unskilled for the new machinery and technology introduced. The entrepreneur who can combine the various resources including labours to train them and work in most efficient manner to achieve the goal of the organisation.

Before delving into the complex concepts, let's first understand the basics. Many people talk about being an entrepreneur by starting their own business. But often fail, simply because they aren't prepared or don't know how to tackle the challenges of being an entrepreneur. Hence, it's imperative to first understand the job description before donning the role. Considering entrepreneurship is a broad concept, there are multiple definitions that attempt to capture its entire essence. Some of the most popular definitions that

can help you understand this concept better are mentioned below:

- Entrepreneurship is the creation or extraction of value. Under this definition, the term is explained as bringing about a change, which may include other values, instead of just economic times
- Entrepreneurship is having the capacity and willingness to develop, organize, and manage a business venture along with dealing with any risks to make a profit. This definition purely focuses on launching and running a business and making a profit.
- A broader definition generally used in the field of economics states that entrepreneurship is about an entrepreneur having the ability to find and act on opportunities to translate ideas, inventions or technologies into services or products.

2. Evolution of Entrepreneurship:

The word Entrepreneur has been derived from a French word *entrepreneur* means "to undertake". So, the entrepreneur is a person who organize, manage and take risks to achieve the desired goals. In 17th Century, the term entrepreneur was used for architect and contractors for public works.

Classical Economist like Adam Smith has never used the word "Entrepreneur" in his writings. Instead, he used the words like employer, master, merchant and undertaker.

In 18th Century the French Economist, Richard Cantillon, was first introduced the term, 'entrepreneur' and had given the meaning 'economic activities'. He defined the word 'entrepreneur' as, "the agent who buys means of production at certain prices in order to combine them into a product that he is

going to sell at prices that are certain at the moment at which he commits himself to his costs”.

Peter F Drucker considered an entrepreneur to be a person who always searched for change, responded to it, and exploited it as an opportunity.

So, from the above definition it is clear that the term ‘entrepreneur’ has been defined differently by different economist and nobody has given anything as a common feature of an entrepreneur. However, we can say that an entrepreneur is a person who has the ability to take risks of starting a new business and with continuous efforts earn rewards in the form of profit.

3. Scope and Present Scenario of Entrepreneurship in India

In its seventh decade of independence, India is standing on the cusp of major change, which can be summed up in one line: Entrepreneurship in India known as the startup hub of the world, multiple young and dynamic Indians are taking the path of entrepreneurship, which is not only driving them forward but the entire country as well. Right from gaining investments from other countries, to creating job opportunities for fellow

Indians, these entrepreneurs have changed the way the world looks at India.

4. Importance of Entrepreneurship in India

There’s no doubt that entrepreneurship can greatly impact the economy of a nation, hence, entrepreneurs are often considered to be national assets, who are motivated and remunerated through various Government policies. Entrepreneurs boost economic growth by introducing innovative technologies, products, and services and increased competition from entrepreneurs challenges existing firms to become more competitive. Entrepreneurs provide new job opportunities in the short and long term. Entrepreneurial activity raises the productivity of firms and economies. Entrepreneurs accelerate structural change by replacing established, sclerotic firms. This is primarily because a great entrepreneur has the capability to completely change the way we live and work. They can not only improve our standard of living but they also actively contribute to the growth of the economy. Mentioned below are some of the various reasons why entrepreneurship is extremely important and is highly encouraged by the Indian government.



4.1) Creates Job Opportunities :It’s no secret that entrepreneurship greatly contributes to increasing job opportunities in the country. Moreover, as they provide entry-level jobs, it creates a great benefit of unskilled workers to get trained and gained experience. Hence, entrepreneurial ventures essentially prepare and enhance the skills of the workforce for large industries.

4.2) The Social Impact :Most entrepreneurs are ‘givers.’ They have struggled and worked hard to attain success, and hence, try to make the life of others easier. For example, many seasoned entrepreneurs regularly nurture other upcoming business ventures to help them in their journey. Not only does this help the young businesses, but it also gives the seasoned entrepreneurs a chance to extend their own ventures. Additionally, they also invest in various community projects and provide financial support to charities. The most famous entrepreneurs who have

made a huge social impact are Bill Gates, Azim Premji, Warren Buffet, and Manoj Padaiyachi.

4.3) Boosts The Economy :When new products and services are introduced in the market through entrepreneurship, a cascading effect takes place. This causes related businesses and sectors an opportunity to grow, thereby boosting economic development. For example, in the 1990s, just a few information technology companies comprised of the entire IT industry in India. However, the industry quickly expanded, which not only benefited the IT industry, but other sectors as well, like call center operations, network maintenance companies, and hardware providers. Moreover, education and training institutes too flourished as they launched a new class for IT workers, who could attain higher-paying jobs after completing these classes. Hence, entrepreneurship not only benefits the sector but the multiple sectors, which in turn leads to the growth of

the economy. Moreover, in a developing country like India, further developments require robust logistics support, capital investment, and qualified workers. So, there is no shortage of opportunities for budding entrepreneurs, who can provide employment for not just a qualified programmer, but to a construction worker as well.

4.4) Increases the Standard of Living: The definition of the standard of living concept is the ability to consume an amount of a variety of goods and services by a household, which is gauged over a period of time. The more the number of goods the household is able to afford, the higher their standard of living. Through entrepreneurship, people get job opportunities, which increases their standard of living as they are more capable of consuming the available goods and services. However, besides just individual earning, which also plays a huge role in increase the standard of living is the availability of diversified products in the market. Through innovation and a drive to launch something new, entrepreneurship provides the market with multiple new and improved products and services that can help improve their standard of life. Hence, there's no doubt that entrepreneurship increases the standard of living of the people of a country.

4.5) Encourages Innovation: There is no argument that innovation is the crux of entrepreneurship. No matter the industry, product or service, or market, without innovation and creativity, any entrepreneurial venture cannot be successful. Hence, with new ventures, products, technologies, markets, increased quality of goods, and others that are a product of innovation and entrepreneurship, the Gross Domestic Product increases considerably as it has a positive impact on the economy.

5. Role of Entrepreneurship in Industrial Development:

Encouragement of the entrepreneurial spirit and skills is an essential element for the Industrial Development of any country. In the context of India, at the time of its independence the condition of the country was impassable, it was not able to be considered in the category of even a developing country. The condition of industries was so critical that it could barely contribute one sixth part of national income. But after the declaration of the first Industrial Policy on 6th April, 1948 the condition of India started reviving gradually and for the purpose of increasing the importance of entrepreneurship in industrial development government of India has established an Entrepreneur Assistance Unit in the industries development department, in the year 1966. The functions of this Unit were as follows:

- Execution of Industries (development and regulation) Act, 1951, collaboration of foreign countries, import of capital goods and providing information related to foreigners of Indian origin.
- Help the entrepreneurs in knowing about the steps taken on their applications.
- It also assists the entrepreneurs in solving their problems through different government institutions.

Entrepreneurship encourages structural change

Existing firms often struggle to adjust to new market conditions and permanent changes, getting locked into their old positions. They fail to make the necessary internal adjustments and lack the ability for "creative destruction," famously described by Schumpeter in 1934. The entry of new businesses and the exit of worn-out firms can help to free firms from a locked-in position. Moreover, entrepreneurs may create entirely new markets and industries that become the engines of future growth processes.

In this way the government provides continuous assistance in increasing the importance of entrepreneurship in developing industries. In today's scenario there are various people who are actively taking initiative for showing their entrepreneurship skill. The women are also showing their eligibility to rule the organisation.

Some of the entrepreneur's name are as follows:

- Ratan Tata- Tata Groups
- Mukesh Ambani- Reliance Industries Limited
- IndraNooyi- The board member of Amazon
- Kiran Mazumdar Shaw- The founder of Biocon Limited
- Narayana Murthy- The founder of Infosys

So, for industrial development through rapid industrialization more and more potential entrepreneurs should come forward to take initiative through collective and effective utilisation of the resources.

6. Government Initiative to boost entrepreneurship and industrial development in India:

Instead of numbers of entrepreneur who are contributing in development of economy, there is still scarcity of quality people in industries and thus there is need of economic development programme in India. Since developing country like India is too vast and diverse in nature so there is always scope of entrepreneurship development this country. The government has also tried continuously promote entrepreneurship initiative in India through various schemes. Some of the schemes are- Small Entrepreneurial Development Institute of India (SEDI), National Institute of Entrepreneurship and Small Business Development (NIESBUD), Trade Related Entrepreneurship Assistance of Development (TREAD), Self Employment Programme for

Educated Youth (SEPEY), etc., are the programme initiated to promote the scope of Entrepreneurship in India the current BJP Government has also taken various Initiative under the

leadership of Prime Minister Narendra Modi. Some of the great efforts taken by the government by launching the schemes are as follows:



6.1) Make in India:

'Make in India' initiative was launched globally in September 2014 as a part of India's renewed focus on Manufacturing. The objective of the Initiative is to promote India as the most preferred global manufacturing destination. The Objective of this scheme was to promote the idea of self-sufficiency and make the country a manufacturing hub.

6.2) Stand Up India:

The Hon'ble Prime Minister, Shri Narendra Modi in his Independence Day address on August 15, 2015 unveiled his game changer campaign "Start-Up India" Stand-Up India to promote entrepreneurship at grass root level for economic empowerment and job creation. The Objective of this scheme is to promote entrepreneurship and job creation primarily for the Schedule Castes, Schedule Tribes and women.

6.3) Startup India/ Deen Dayal Upadhyay Swaniyojan Yojana:

Launched on 16th January, 2016, the Startup India Initiative has rolled out several programs with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators instead of job seekers. The Objective of this scheme is to promote bank financing for startup ventures to boost entrepreneurship and encourage job creation.

6.4) AIM (Atal Innovation Mission) Platform:

The Atal Innovation Mission (AIM), a PMO initiative of the current government, conceived by a Think Tank at the Niti Aayog, and approved by the Cabinet on Feb 24th 2016 was launched during the same year to create such a world class innovation and entrepreneurial ecosystem in India. The main objective of this scheme is to promote top class innovation hubs at world level, startup businesses, and other self-employment activities.

All the above schemes help a lot in increasing the number of entrepreneurs who take initiative through incorporating their own startup. Following data show how India's Initiative has shown an admirable role in increasing the number of startups and a wave of entrepreneurship activity in 2018. From the above data it can be said that the number of entrepreneurship is increasing in India rapidly and opening the way to achieve growth with more positive approach.

7. Conclusion

India have ample of resources available which can be used only by combining them in such a way that can contribute to the maximum for economic and industrial development, it can be possible only when entrepreneurs get themselves involved in taking risks and initiative for growth of organization. They can help in import substitution by making self-sufficiency as the primary objective and export promotion through improving

the quality of the products and services they are offering to the world. The government is also working on the same path of making the entrepreneurs eligible in doing what they want to

do with the help of various schemes shown above. Thus, it can be concluded that yet India is a developing country and facing lots of hindrances in its way of development.

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