

A Study on Role of Entrepreneurship and Regional Development with Reference to India

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ABSTRACT

Entrepreneurship plays an influential role in the economic growth and standard of living of the country. The role of entrepreneurship in economic development varies from economy to economy depending upon its material resources, industrial climate and the responsiveness of the political system to the entrepreneurial function. The objective of this paper is to examine the mutual dependence and dual causality of the concepts of regional development and entrepreneurial activity. It also examines the development of backward regions in India due to entrepreneurial activities. And also suggest measures for the upliftment of small entrepreneurs in rural areas. Results of testing the impact of level and growth of entrepreneurial activity on economic growth are however consistent and robust to different indicators reflecting economic growth. Showing that there exists a significant positive impact of entrepreneurial activity on economic growth. The methodology used are both primary and secondary. Data, information and facts projected in the mass media – books, journal, national newspaper, national seminars as well as in the apex forums of India have been used to analyze the role of entrepreneurship and regional development.

Keywords : Regional development, Entrepreneurship, Balanced growth

1. INTRODUCTION

The entrepreneur who is a business leader looks for ideas and puts them into effect in fostering economic growth and development. Entrepreneurship is one of the most important input in the economic development of a country. The entrepreneur acts as a trigger head to give spark to economic activities by his entrepreneurial decisions. He plays a pivotal 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 has the initiative skill and motivation to set up a business or enterprise of his own and who always look for high achievements.

2. OBJECTIVES

1. To examine more closely the connection and interaction between the entrepreneurial activity and the regional development.
2. To give a short overview of certain conceptual models of entrepreneurship and economic growth or development.
3. To examine the development of backward regions in India due to entrepreneurial activities.
4. To suggest measures for the upliftment of small entrepreneurs in rural areas.

3. ROLE OF ENTREPRENEURSHIP IN REGIONAL 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 distribution 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 an entrepreneur, there is one less job seeker in the economy, and then you provide employment for multiple other job seekers. This kind of job creation by new and existing businesses is again one of the basic goals of economic development. This is why the Govt. of India has launched initiatives such as *Start up India* to promote and support new startups, and also others like the *Make in India* initiative to attract foreign companies and their FDI into the Indian economy. All this in turn creates a lot of job opportunities, and is helping in augmenting our standards to a global level.

3. Balanced Regional Development: Entrepreneurs setting up new businesses and industrial units help with regional development by locating in less developed and backward areas. The growth of industries and business in these areas leads to infrastructure improvements like better roads and rail links, airports, stable electricity and water supply, schools, hospitals, shopping malls and other public and private services that would not otherwise be available.

Every new business that locates in a less developed area will create both direct and indirect jobs, helping lift regional economies in many different ways. The combined spending by all the new employees of the new businesses and the supporting jobs in other businesses adds to the local and regional economic output. Both central and state governments promote this kind of regional development by providing registered MSME businesses various benefits and concessions.

4. GDP and Per Capita Income: India's MSME sector, comprised of 36 million units that provide employment for more than 80 million people, now accounts for over 37% of the country's GDP. Each new addition to these 36 million units makes use of even more resources like land, labor and capital to develop products and services that add to the national income, national product and per capita income of the country. This growth in GDP and per capita income is again one of the essential goals of economic development.

5. Standard of Living: Increase in the standard of living of people in a community is yet another key goal of economic development. Entrepreneurs again play a key role in increasing the standard of living in a community. They do this not just by creating jobs, but also by developing and adopting innovations that lead to improvements in the quality of life of their employees, customers, and other stakeholders in the community. For example, automation that reduces production costs and enables faster production will make a business unit more productive, while also providing its customers with the same goods at lower prices.

6. Exports: Any growing business will eventually want to get started with exports to expand their business to foreign markets. This is an important ingredient of economic development since it provides access to bigger markets, and leads to currency inflows and access to the latest cutting-edge technologies and processes being used in more developed foreign markets. Another key benefit is that this expansion that leads to more stable business revenue during economic downturns in the local economy.

7. Community Development: Economic development doesn't always translate into community development. Community development requires infrastructure for education and training, healthcare, and other public services. For example, you need highly educated and skilled workers in a community to attract new businesses. If there are educational institutions, technical training schools and internship opportunities, that will help build the pool of educated and skilled workers.

A good example of how this kind of community development can be promoted is Azim Hashim Premji, Chairman of Wipro Limited, who donated Rs. 27,514 crores for promoting education through the Azim Premji Foundation. This foundation works with more than 350,000 schools in eight states across India. 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.

Induces Backward and Forward Linkages Entrepreneurs like to work in an environment of change and try to maximise profits by innovation. When an enterprise is established in accordance with the changing technology, it induces backward and forward linkages which stimulate the process of economic development in the country.

4. FACILITATES OVERALL DEVELOPMENT

Entrepreneurs act as catalytic agent for change which results in chain reaction. Once an enterprise is established, the process of industrialization is set in motion. This unit will generate demand for various types of units required by it and there will be so many other units which require the output of this unit. This leads to overall development of an area due to increase in demand and setting up of more and more units. In this way, the entrepreneurs multiply their entrepreneurial activities, thus creating an environment of enthusiasm and conveying an impetus for overall development of the area.

5. CREATING INNOVATION

-An entrepreneur is a person who always look for changes. apart from combining the factors of production, he also introduces new ideas and new combination offactors. He always try to introduce newer and newer technique of production of goods and services. An entrepreneur brings economic development through innovation.

6. BALANCED REGIONAL DEVELOPMENT

With more facilities available in urban areas, there will be a tendency on the part of entrepreneurs to start enterprises in and around big cities, causing migration of rural manpower. This creates an imbalance in growth of urban and rural areas besides :causing heavy financial burden on the local authority and government for providing basic and essential amenities like housing, water, transport etc. for the migrated population. Entrepreneurship balances the regional development.

7. WHAT TO DO? SUGGESTIVE MEASURES

- Encourages the entrepreneurs to establish their business undertakings in backward, rural, hilly and mountain areas. They can improve their standards of living.
- Provide various types of financial and non-financial assistance and other infra-structural facilities required by the entrepreneurs to start business/industrial units.
- Provide various types of assistance to establish the business units in backward, rural, less developed, hilly and mountain areas to the entrepreneurs who initiate their enterprises in such areas where there is no banking facilities, transport facilities, power facility, repairs and maintenance facilities, communication facilities, etc.
- In order to achieve a healthy balance in the growth of rural and urban areas, government policies are now focusing on the *development of rural areas*, encouraging entrepreneurs to start ventures there. If agro-based industries are set up all over the country, it will provide a better balance of industrial growth

8. CHALLENGES FACED BY RURAL ENTREPRENEUR

A promoter of rural enterprise faces a plethora of problems, usually called teething troubles when he sets up his enterprise.

First, the **financial problem**. Arranging working capital becomes a major task as he could run out of money to buy raw materials though he may not yet have earned any reputation in the market to get raw materials on credit. Similarly, he makes several production trials, improves quality, etc.

This is not it. **Policy challenges** faced by the enterprise. To top it all, there are marketing problems (competition, middlemen), management problems (legal formalities, low quality of products, procurement of raw materials, etc.), and Human Resources problems (low skill level of workers and negative attitude of rural folk towards the ideas of business).

9. CONCLUSION

Results of testing the impact of level and growth of entrepreneurial activity on economic growth are however consistent and robust to different indicators reflecting economic growth. Showing that there exists a significant positive impact of entrepreneurial activity on economic growth. the concept of regional development has been equated with the concept of regional growth. At the same time, it excludes the constructs that are difficult to measure such as social transformation, social change, regional learning and the development of regional culture. Neglecting these non-material aspects of regional development and looking at it strictly through the prism of regional growth, we can reach only partially acceptable conclusions.

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