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Role of Entrepreneurship in Indian Economic Development

J. Divya
Assistant Professor MBA, Department of Management Studies
Bharath Institute of law,
Bharath Institute of Higher Education and Research
Selaiyur, Chennai, Tamil Nadu 600 073

ABSTRACT

Entrepreneurs are people who create new businesses, which help create new 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, followed by economic growth. So it can be said that entrepreneurship is good for economic growth.Economic development, achieved largely through productivity growth, is very important to both developed and developing nations. However, even though we know that higher productivity leads to improved economic outcomes higher income, more choices to the consumers, better quality products,etc.This paper mainly focuses on various entrepreneurs in India and their role for economic development.

Keywords: Entrepreneurship, Economic development, New Businesses, Technology

1. INTRODUCTION

There are so many institutes and organizations which are involved in entrepreneurship development activities and there are people who join these programmes as a stepping stone to become entrepreneur. It is a known fact that so many management institutes are coming up to cater to the growing need of industries by supplying traditional managers/corporate managers. The scope of this study is to find out the perception of management students about the entrepreneurship and compare it with those people who have become entrepreneur. The researcher feels that this study will reveal the facts which are important to develop entrepreneurship as a career option among management students.

A manager is one who manages all the resources to match with the organizational needs. In the managerial role resources are allocated to solve problems and improve the administrative efficiency. The entrepreneurship is very a old concept according to which any one who runs business is called an entrepreneur. The more precise meaning of entrepreneur is; one who perceives a need and then brings together manpower, material and capital required to meet that need. Entrepreneur is one who understands the market dynamics and searches for change respond to it and exploit it as an opportunity.

EVOLUTION OF ENTREPRENEURSHIP

The word„ entrepreneur ‟is derived from the French verb„ enterprendre‟. It means "to undertake". Around 1700 A.D. the term was used for architects and contractor of public works. In many countries, the term entrepreneur is often associated with a person who starts his own new business. Business encompasses manufacturing, transport, trade and all other self-employed vocation in the service sector. Entrepreneurship has been considered as the

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propensity of mind to take calculated risk with confidence to achieve predetermined business objectives.

HISTORY OF ENTREPRENEURSHIP IN INDIA

The history of entrepreneurship is important worldwide, even in India. In the pre colonial times the Indian trade and business was at its peak. Indians were experts in smelting of metals such as brass and tin. Kanishka Empire in the 1st century started nurturing Indian entrepreneurs and traders. Following that period, in around 1600 A.D., India established its trade relationship with Roman Empire. Gold was pouring from all sides. Then came the Portuguese and the English. They captured the Indian sea waters and slowly entered the Indian business. They forced the entrepreneurs to become traders and they themselves took the role of entrepreneurs. This was the main reason for the downfall of Indian business in the colonial times which had its impact in the post-colonial times too.

ROLE OF ENTREPRENEURSHIP

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. The major roles played by an entrepreneur in the economic development of an economy is discussed in a systematic and orderly manner as follows.

PROMOTES CAPITAL FORMATION

Entrepreneurs promote capital formation by mobilizing the idle savings of public. They employ their own as well as borrowed resources for setting up their enterprises. Such type of entrepreneurial activities lead to value addition and creation of wealth, which is very essential for the industrial and economic development of the country.

CREATES LARGE-SCALE EMPLOYMENT OPPORTUNITIES

Entrepreneurs provide immediate large-scale employment to the unemployed which is a chronic problem of underdeveloped nations. With the setting up.of more and more units by entrepreneurs, both on small and large-scale numerous job opportunities are created for others. As time passes, these enterprises grow, providing direct and indirect employment opportunities to many more. In this way, entrepreneurs play an effective role in reducing the problem of unemployment in the country which in turn clears the path towards economic development of the nation.

PROMOTES BALANCED REGIONAL DEVELOPMENT

Entrepreneurs help to remove regional disparities through setting up of industries in less developed and backward areas. The growth of industries and business in these areas lead to a large number of public benefits like road transport, health, education, entertainment, etc. Setting up of more industries lead to more development of backward regions and thereby promotes balanced regional development.

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REDUCES CONCENTRATION OF ECONOMIC POWER

Economic power is the natural outcome of industrial and business activity. Industrial development normally lead to concentration of economic power in the hands of a few individuals which results in the growth of monopolies. In order to redress this problem a large number of entrepreneurs need to be developed, which will help reduce the concentration of economic power amongst the population.

WEALTH CREATION AND DISTRIBUTION

It stimulates equitable redistribution of wealth and income in the interest of the country to more people and geographic areas, thus giving benefit to larger sections of the society. Entrepreneurial activities also generate more activities and give a multiplier effect in the economy.

INCREASING GROSS NATIONAL PRODUCT AND PER CAPITA INCOME

Entrepreneurs are always on the look out for opportunities. They explore and exploit opportunities,, encourage effective resource mobilization of capital and skill, bring in new products and services and develops markets for growth of the economy. In this way, they help increasing gross national product as well as per capita income of the people in a country. Increase in gross national product and per capita income of the people in a country, is a sign of economic growth.

IMPROVEMENT IN THE STANDARD OF LIVING

Increase in the standard of living of the people is a characteristic feature of economic development of the country. Entrepreneurs play a key role in increasing the standard of living of the people by adopting latest innovations in the production of wide variety of goods and services in large scale that too at a lower cost. This enables the people to avail better quality goods at lower prices which results in the improvement of their standard of living.

PROMOTES COUNTRY'S EXPORT TRADE

Entrepreneurs help in promoting a country's export-trade, which is an important ingredient of economic development. They produce goods and services in large scale for the purpose earning huge amount of foreign exchange from export in order to combat the import dues requirement. Hence import substitution and export promotion ensure economic independence and development.

INDUCES BACKWARD AND FORWARD LINKAGES

Entrepreneurs like to work in an environment of change and try to maximize 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.

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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.

NEED FOR AND SIGNIFICANCE OF ENTREPRENEURS IN INDIA!

The entrepreneurs are considered 'change agents' in the process of industrial and economic development of an economy. The premium mobile role that entrepreneurs play in promoting industrial and economic development of an economy is well adduced across the countries.

In a sense, entrepreneurs are the 'spark plug' who transform the economic scene of an economy. For example, Japan and United States are developed because of their entrepreneurial development and Bangladesh and Nepal are underdeveloped because of lack of their entrepreneurial development.

Within India itself, Gujarat and Punjab are developed because of their entrepreneurial development and Bihar and Odisha are backward or underdeveloped because of the lack of entrepreneurial development. Thus, with entrepreneurs societies prosper, without them they are poorer.

IN FACT, THE NEED FOR ENTREPRENEURS IN AN ECONOMY CAN BE IMBUED WITH MULTIPLICITY OF JUSTIFICATIONS AS LISTED BELOW

- Entrepreneurs promote capital formation by mobilising the idle saving of the people.
- They create immediate and large-scale employment by establishing small- scale enterprises. Thus, they reduce the unemployment problem in the country, i.e., the root cause of all socio-economic problems.
- They promote balanced regional development by establishing small-scale enterprises in rural, remote and less developed regions.
- They help reduce the concentration of economic power.
- They promote the equitable redistribution of wealth, income and even political power in the interest of the country.
- They encourage effective resource mobilization of capital and skill which might otherwise remain unutilized and idle.
- They, by establishing industries, induce backward and forward linkages which stimulate the process of economic development in the country.
- Last but no means the least; they also promote country's export business, i.e. an important ingredient to economic development.

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2. CONCLUSION

The Indian economy provides a revealing contrast between how individuals react under a government-controlled environment and how they respond to a market-based environment. The evidence presented here suggests that recent market reforms encouraging individual enterprise have led to higher economic growthin that country. The reasoning here is not new, although it is refreshing to discover that this “tried-and-true” reasoning applies to developing as well as to developed nations. Specifically, reliance upon a free market, with its emphasis upon individual self-interest in survival and wealth accumulation, can yield a wide range of economic benefits. In India those benefits have included, among other things, increasedeconomic growth, reduced inflation, a smaller fiscal deficit, and higher inflows ofthe foreign capital needed for investment.

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