

Entrepreneurship and Industrial Development.

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Introduction:

The post liberalization industrial and economic scenario in India makes it imperative that a more dynamic and pragmatic approach is needed to create entrepreneurs on a large scale. This would help not only in tackling the problem of unemployment but also in the growth of new entrepreneurs. Using technology and quality as their strategic tools, those who can take on the increased competition in the domestic as well as global markets are innovators and entrepreneurs in true sense of the term. This can be achieved only if more and more people are motivated and convinced to choose entrepreneurship as a career and put their energies and resources to a productive use.¹ Various state level entrepreneurship development institutes, as well as EDI, the pioneer in entrepreneurship development, have, for decades, been conducting localised Entrepreneurship Development Programmes (EDPs) for a limited number of people. These EDPs have limitations in terms of number and reach and cannot fulfil the need of a large number of potential entrepreneurs scattered in the vast geographical areas of the country. This calls for a novel approach.

Entrepreneurship development within Micro, Small and Medium Enterprise (MSME) sector in India. The MSME sector has often been termed the '*engine of growth*' for developing economies. We begin with an overview of this sector in India and look at some recent trends, which highlight the development and significance of this sector vis-à-vis the Indian economy. Over the last few years, there has been major policy changes at the federal and state level aimed at consolidating and developing this sector.

The MSME Development Act of 2006 is perhaps the most crucial of these recent policy changes. This chapter is critically analyse the entrepreneurship and industrial development.

A country may possess abundant and inexhaustible natural and physical resources, necessary machinery and capital equipment, but unless there are people who combine these resources in right proportions, set the task and see to its accomplishment, the nation cannot make rapid strides towards economic and social advancement. Precisely, these are the functions of an entrepreneur. Entrepreneur is the central figure of economic activity and propeller of development under free enterprise. They are persons who initiate, organize, manage and control the affairs of a business unit that combine the factors of production to supply goods and services, whether the business pertains to agriculture, industry, trade or profession. As such, the development or under-development is the reflection of the development or under-development of entrepreneurship in the society. Entrepreneurial skill, therefore, is to be regarded as the most precious natural possession. *‘Choking off the supply of the entrepreneurial fuel means ultimately the decline of culture’.*²

Entrepreneurship Development:

Entrepreneurs play a key role in the economic development of a country. Importance of development of entrepreneurship as an ingredient of economic development has been recognized a long time back. It was as early as 1950 that the need for entrepreneurial development was first felt and since then a substantial amount of research has gone into this sphere. Of late, entrepreneurship

development has become extremely important in achieving the goals of all around development in the country.³ Consequently, many entrepreneurial opportunities are emerging in various fields. Be it electronic, medicine, engineering, agriculture, communication, atomic energy, telecommunication, food technology and packaging, entrepreneurial opportunities have surfaced at rapid pace in all these and many other areas.

During the last two decades while rapid technological progress has made the production process more knowledgeable and/or capital intensive across a wide range of industries, limiting the creation of new employment opportunities particularly for the unskilled work forces, downsizing policies to the firms through mergers, acquisitions and other restructuring exercises have put the future of their existing employees at stake. Besides, in many cases, the lakhs of under and postgraduates also see the firms closing doors for them as they lack professional training, skill and the kind of orientation required to work in a competitive environment. This coupled with the problem of large and growing population has made the problem of unemployment a more acute one in many of the developing countries across the globe.

There are broadly two ways, which are usually suggested to tackle massive unemployment of human resources in an economy. The first one is to educate the youngsters through professional as well as not traditional methods/courses and prepare them to work in the competitive environment. The other one is to teach and train them to start their own venture and become self-reliant. The latter is now-a-days considered to be a

better option as it makes the individual financially self-dependent as well as adds to the economy's wealth creation process, paving the way to fast growth and development of the nation. Development of entrepreneurial skill and hence entrepreneurship, in addition to spread of professional education in growing economy like India, therefore, assume immense importance for its present as well as future growth prospects.

In India, state and private entrepreneurship co-exist. The small-scale industrial sector and business are left completely to private entrepreneurs. Small-scale enterprise is a breeding ground for entrepreneurship. Conversely, that the rapid growth of small-scale sector is mainly due to the entrepreneurship development is also true. It is, therefore, in this context that an increasingly important role has been assigned for the identification and promotion of entrepreneurs to this sector.

Scope of entrepreneurship development in India:

In India there is a dearth of quality people in industry, which demands high level of entrepreneurship development programme throughout the country for the growth of Indian economy. India, a country with a strong social system, and large variety of intellects has its own scope for the giving new entrepreneurs to the global economy. The scope of entrepreneurship development in country like India is tremendous. The high growth in employment achieved during the first half of the present decade is one of the positive outcomes of the fairly high growth of 6 to 8 per cent per annum of the Indian economy during the same period.⁴ The high economic growth provided enhanced business opportunities in the country

leading to increased demand for labour and hence employment growth.

Both developed and developing countries have often witnessed congregated emergence of small and medium enterprises, engaged in producing some homogeneous or related products at a point in time. These spatial concentrations give rise to various kinds of economic and non- economic inter-firm linkages. Such a form of industrial organization is also known as, 'industrial cluster' or 'industrial district'. Experiences of a large number of clusters in developed countries indicate that owing to inter-firm linkages in various areas of business, all the SMEs in the clusters experience economies of scale and scope leading to efficiency and international competitiveness. Clusters are defined as sectoral and geographical concentration of micro, small & medium enterprises with interconnected production system leading to firm/unit level specialization and developing local suppliers of material inputs and human resources.

Availability of local market/intermediaries for the creation of the cluster is also a general characteristic of a cluster. The Ministry of Micro, Small and Medium Enterprises, Government of India, has laid special emphasis on development of clusters. In August 2003, the Small Industry Cluster Development Programme (SICDP) was launched by the Ministry to give special attention to cluster development. It was made broad-based by adopting holistic pattern of development of the cluster encompassing marketing, exports, skill development, setting up of common facility centre, etc., including technology up gradation of the enterprises. After

widening the scope of the scheme, there was a sudden jump in the performance of scheme during 2003-04.⁵ For a systematic implementation of the plan, a cadre of Cluster Development Executives (CDEs) has been trained and developed at Entrepreneurship Development Institute of India through imparting a specialized training in the methodology of cluster development programme. EDI has so far trained about 600 CDEs. Close to 500 clusters are currently being developed by various organizations and ministries across the country.

Following the guidelines provided in the Industrial Policy Resolution 1956, planners increasingly laid emphasis on promotion of small industries. Since 1956, the government has strived to promote this sector through various promotional policies consisting of various incentives such as provision of concessional finance, infrastructural facilities, creation of support institutions and technical and managerial guidance and protective measures such as reserving 675 products exclusively for the Micro, Small and Medium Enterprises (MSME). The government makes its purchases from the MSME on the price preferential terms to provide the sector with marketing support, besides purchasing 358 items exclusively from small-scale industries.⁶ The government has created a wide network of institutions that supports emergence and growth of micro and small enterprises in the country. As a result, small enterprise sector in India has attained very impressive growth.

Industrial Growth after Independence:

Prior to independence the ownership or control of much of the large private industries were in the hands of managing agencies, which grew under the British system and had access to London money markets. Thus the owners of these managing agencies controlled a major portion of the economy, prior to independence. But things changed after independence. Parliament enacted a legislation to curb the powers of managing agencies.⁷ By 1971 the government had banned the managing agencies. The Industrial Policy Resolution declared in 1948, clearly put forward the goal of the Government's policy with respect to industrialization and classified them into four categories. Those industries completely owned by the Government e.g. ordinance, atomic energy, railways and any industry of national importance. Certain important industries like coal, iron and steel, aircraft manufacture, ship building, telephone, telegraphs and communications, were given the permission to operate for ten years, at the end of which the government would nationalize them. A group of 18 specified industries were in control of the central government in liaison with the state governments. The remaining industrial options were left open to the private sector.

Importance of Small Scale Industries (SSI):

Small-scale industry is classified as traditional and modern are broadly classified into five categories viz. '*Khadi and Village Industries*', '*Handlooms*', '*Handicrafts*', '*Coir*', and '*Sericulture*'. Small-scale industries (SSI) play a strategic role in the progress of the region. These industries largely represent a stage in economic transition from traditional to modern technology. Small-scale

industries occupy prominent position in the development of our country. This is because of their importance in enhancing the economic growth of a country. Small-scale industries play an important part in the productive activities of developed as well as developing countries. The proper development of SSI is vital for the healthy growth of our economy.⁸

The primary object of developing small industries is to generate better employment opportunities, raise incomes and standards of living and bring about the more balanced growth for integrated economy. It is a truth that small industries are the engines of growth in any economy. They are the job providers and the technological innovators. The sector has a high potential for employment, dispersal of industries, promoting entrepreneurship and earning foreign exchanges to the country. Small is beautiful, efficient, innovative and creative where pursuit for progress is endless and growth is their way of life. Small industries contribute as much as 35 per cent of India's Export, 45 per cent of Industrial Production, 65 per cent of Services, 80 percent of Employment generation.

The importance of small-scale industries is a global phenomenon encompassing both the developing and developed countries. *Normal McRae* predicts that the age of Mammoth Corporation was over and the future lay with small, dynamic, efficient production groups that could respond quickly to customer needs globally, the emphasis is on the small enterprises holding the key to growth with equity and proficiency.⁹ In India, small industry refers to manufacturing activities. Recently, it has also

come to include, to a limited extent, servicing activities such as repair and maintenance shops and few community services. Small firms seem to have an edge in industries that call for personalized service, attention to detail and the flexibility to adapt quickly to change in the business or technological environment. Small enterprises are almost always locally owned and controlled, and they can strengthen rather than destroy the extended family and other social systems and cultural traditions that are perceived as valuable in their right as well as symbols of national identity.

Small-scale industries do not require a high level of technology. These are generally labour intensive and do not require a large amount of capital. The energy of unemployed and under employed people may be used for productive purposes in an economy in which capital is scarce. SSI projects can be undertaken in a short period and hence can increase production both in the short and the long run. Most developing countries are rich in certain agricultural, forest and mineral resources, small scale enterprises can be based on the processing of locally produced raw material. By creating opportunities for the small business, small industrial enterprises can bring about a more equitable distribution of income which is socially necessary and desirable. It helps to create economic stability in society by diffusing prosperity and by checking the expansion of monopolies. The development of SSI enterprises will create jobs in rural areas of the developing countries where unemployment and under employment are high. This will help in reducing the exodus of workers from the rural to the urban areas in search of jobs. Apart from the linkages between agricultural of rural development and SSI, there is an essential

linkage between large-scale and small-scale enterprises in the sense that the former create opportunities or facilities for the growth of the latter. Due to all these importance, the development of small enterprises has been assigned a crucial role in India's five year plans

The significant growth of small-scale industries in India over the last six decades is on account of the high priority accorded to this sector by the Central Government and Reserve Bank of India. The number of SSI units increased from 8.74 lakh in 1981 to 34.64 lakh in 2002. The SSI units have made significant contributions in terms of output, employment and export earnings. The sector is important because it promotes growth with equity. Its rate of employment creation across the country is among the fastest for any sector.¹⁰

Promotion of Entrepreneurship in Small Business:

A business when managed by an entrepreneur can bring economic prosperity to the country. General well-being and social, economic and political stability are the necessary conditions for entrepreneurship business. For the purpose of creating new enterprises and promoting economic development of the country, there are several persons who can make positive contribution. Those of the persons who possess specialized knowledge of running an enterprise form a part of such a group of person. Every country, therefore, needs such enterprising technical people, who can foster the process of economic development.

A person who possesses initiative and shows leadership a quality in the promotion process is known as a promoter. The process of promotion starts when such person gets positive ideas of starting a venture and it ends when the enterprise actually comes into existence and starts functioning successfully. Promotion of small business begins when an entrepreneur conceives ideas of starting a new business enterprise. Such a promoter must have certain definite background. He must be technically well-versed and should possess perfect knowledge about such an enterprise. If a person is suitably qualified in respect of running the business and implementing his ideas, the chances of his success are certainly enhanced. In some cases, a person may acquire knowledge by working in such areas and become a successful entrepreneur. He must possess full knowledge about the product and government policies regarding small-scale industrial units. It means he must know the products which have been kept aside by the government for small-scale industrial units. A person with necessary background, eagerness and initiative of starting a small scale industrial unit can surely succeed in establishing such a unit.³²

Development of Entrepreneurship through SSI:

The growth of small-scale industries in India has been one of the most distinctive features of planned economic development during the last two decades. Modern small-scale industries can be a powerful factor in the rapid and decentralized growth of a developing economy. The vital role of the small-scale sector in the national economy has been recognized on account of its potential for creating substantial employment opportunities at a relatively small capital cost, facilitating mobilization of local resources of

capital and skill, and ensuring a more equitable distribution of the national income.

Modern small-scale industries in India were almost nonexistent prior to the *Second World War*. It was during the war years, that a number of small-scale industries were established to augment and sustain the war effort to relieve pressure on shipping and counteract inflationary trends in the economy. After independence especially during the fifties, organized effort were made and a comprehensive programme for the development of small-scale industries was conceived on the basis of the report submitted by a team of 'Ford-Foundation' efforts who were invited to the country.¹¹

Small-scale industries have more than justified this encouragement by attaining a high rate of growth and making a significant contribution to the national income. Small enterprises both in the organized and unorganized sectors give employment to nearly forty lakh workers in various fields, and account for nearly half of the total annual industrial production in the country. Apart from the contribution to employment and production, the growth of small industries has helped in the utilization of local resources and raw materials, capital and skill which might otherwise have remained unutilized. Clusters of modern small-scale units humming with industrial activity can be seen in almost all towns. They have successfully carried the message of industrialization to the nooks and corners of the country.

Contribution of Small Business Entrepreneurs:

- There is a wide range of significant contributions that entrepreneurs and entrepreneurship can make to the development process of small industry. These are:
- Entrepreneurship raises productivity through technical and other forms of innovations.
- Entrepreneurship plays a strategic role in commercializing new inventions and products.
- Entrepreneurship plays a critical role in the restructuring and transformation of economy.
- Entrepreneurship helps reduce the ossification of established social institutions and the concentration of economic power.
- Entrepreneurship and entrepreneurial behaviour can breathe vitality into the life of large corporations and governmental enterprises.
- Entrepreneurs make markets more competitive and thereby reduce both static and dynamic market inefficiencies.
- Small Entrepreneurs operating in the informal sector establishes government authority when government and their programmes inhibit economic development.
- Entrepreneurs stimulate a redistribution of wealth, income and political power within societies in ways that are economically positive and without being politically disruptive.
- Entrepreneurs improve the social welfare of a country by harnessing dormant, previously overlooked talent.

Entrepreneurship and Industrial Development:

The economic prosperity of India mainly depends upon the success of industrial as well as agricultural sectors. Owing to the limitations of the agricultural sector in contributing adequately to the economy, the industrial sector, which is affluent with resources, has assumed greater importance in this regard in our country. Realizing the importance of industrial sector to economic development, our planners have aimed at accelerating industrial development through rapid industrialization by exploitation and

effective utilization of the rich, natural and physical resources our country is endowed with. Moreover, the planners have also realized that the roles of the people and their abilities have to play in these stupendous endeavors are supremely important and that any negligence of the human factor would only enfeeble the economic prosperity of the country. Consequently, the industrial policies of the government and the successive five year plans reiterate the government's intention to stimulate and promote the human factor in industrial development. Thus, the entrepreneur has come to assume an important place and become the nerve-center of all economic activity.

The development of entrepreneurship, which is a human activity, has become imperative in view of the economic development and prosperity of our country. The developed as well as the developing countries today rely much upon speeding up industrialization on which their economic development depends. In this process man stands at the centre as organizer of human and material resources, as worker, as consumer, and as exchange agent. Of various roles he has to play, his function as an organizer of human material resources is the most important and pivotal to ensure progress. Without his role, the resources of production remain stationary and can never be transformed into products or services¹. Human beings have been enterprising since the dawn of history. The spirit of enterprise makes man a spry entrepreneur. It is this spirit, which has transformed him over the centuries from a nomad into a cattle-rearer, an agriculturist, a trader, and an industrialist. Entrepreneurs are persons who initiate, organize, manage and control the affairs of a business unit, which combines

the factors of production to supply goods and services. They are the nucleus of economic activity and propellers of economic development. In a developing economy such as India, entrepreneurs should be competent to perceive new opportunities, willing to take risks in exploring them and undergo, if necessary, rigorous hardships of the business. Entrepreneurship and economic development are closely bound with each other.¹³ Entrepreneurs are a dynamic force in the economic life of a society and are organizers of its productive resources. The development of right entrepreneurship is one of the most acute problems of the developing countries, and the lack of the right kind of entrepreneurs in our country in sufficient number is a factor hindering economic development.

Role of an Entrepreneur in Economic Development:

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 role played by an entrepreneur in the economic development of an economy is discussed in a systematic and orderly manner as follows.¹⁴

1. ***Promotes Capital Formation:*** Entrepreneurs promote capital formation by mobilising the idle savings of public. They employ their own as well as borrowed resources for

setting up their enterprises. Such type of entrepreneurial activities leads to value addition and creation of wealth, which is very essential for the industrial and economic development of the country.

2. ***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.

3. ***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 leads to more development of backward regions and thereby promotes balanced regional development.

4. ***Reduces Concentration of Economic Power:***

Economic power is the natural outcome of industrial and business activity. Industrial development normally leads 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.

5. ***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.
6. ***Increasing Gross National Product and Per Capita Income:*** Entrepreneurs are always on the lookout for opportunities. They explore and exploit opportunities, encourage effective resource mobilisation 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.
7. ***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.

8. ***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.
9. ***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.
10. ***Facilitates Overall Development:*** Entrepreneurs act as catalytic agent for change which results in chain reaction. Once an enterprise is established, the process of industrialisation 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.

Role of Entrepreneurship in Industrial Development:

The most important objective of any industrial development programmes is to raise the per capita income of the people, which in turn is reflected in the high standard living of people. Therefore, industrialization is one of the powerful and effective tools for enhancing the level of regional economy.¹⁵ It is an observed fact, that entrepreneurs are the prime agents in the process of regional development. It is proven fact, that unless, the entrepreneurs properly organized, the skills and the resources of that region cannot be utilized efficiently, its economic growth is bound to remain slow. Since entrepreneurs, who are the prime organizers of initiative and their responsibilities are regarded as a rare human race; their shortage is believed to have made the process of industrialization very slow.

Due to the major impediment rooted in the social structure itself and in the negativity of social system and in the value, which society attaches to different kind of economic activity consequently resulting in the lack of industrial leadership in selected districts. One of the best examples of social structure, in which rigid stratification of occupations represents a considerable barrier to industrial, expansion. Industrial development efforts are made by the entrepreneurs for the rapid expansion of industries in any region, and the Maharashtra state is no exception for this rule.

Entrepreneur Leadership:

As an entrepreneur, leadership is the most important part in business. But in a constantly changing business climate, an entrepreneur models himself on leadership archetypes from the past and expects to meet the challenges of today's workplace. So what are the traits the 21st century leader needs to succeed? Some of the factors that make a great leader haven't really changed. The abilities to innovate execute and are a strong role model for your staff will always be essential. But in addition to these qualities, a new leadership style is emerging, with skills uniquely tailored for success in today's environment.¹⁶ Today's successful business leader is decisive, insightful and constantly challenging company conventions to keep ideas flowing. A modern leader identifies opportunities before the competition, taking in information from all sides to spot possible new directions. The warrior side symbolizes a passion for achieving a goal and also a willingness to go on the attack--against the competition, and against weaknesses in yourself and the organization. History has seen some of the most famous entrepreneurs. These famous entrepreneurs we know of today have shaped the very existence of mankind. They have built wonderful businesses and have left lasting legacies. But today, in the 21st century, a new business has emerged and is allowing people from all walks of life to enter the entrepreneurial world and become famous entrepreneurs as many have done before them.

21st Century Business:

21st Century is the century of Entrepreneurship, and every individual can be an agent for innovation and change. The 1980s may be known as the decade in which entrepreneurship has

emerged as an important element in the dynamics of modern economies. New small enterprises have become the major source of new job creation. Individuals and small businesses have made major contributions to the discovery of new technologies and to their commercial application.¹⁷ The concept of entrepreneurship has assumed prime importance for accelerating economic growth both in developed and in developing countries. It is the basis of free enterprise. It creates wealth in the country. It has the thrill of risk, change, challenge and growth. It builds the nation. It is a pathway to prosper. It reduces un-employment and poverty. In India a large number of people are seeking entrepreneurship as a career option. Increasing number of educated youth, are getting attracted towards entrepreneurship and are setting up their business ventures.

Technology and the Internet have opened up a new world of opportunities to everyone around the world. Where before entrepreneurs could sale goods and services through a local store front, today these very same entrepreneurs can sale anything, to anyone, anywhere in the world through a simple web page on the internet. The internet has redefined how people can obtain good and services and is a key component of global commerce. 21st century business is not only revolutionizing the sales industry but is also producing top internet entrepreneurs that will be considered the famous entrepreneurs of our lifetime. We are at the start of the 21st century and the internet has already produced some of the world's top internet entrepreneurs. Individuals from all backgrounds and professions with no prior entrepreneurial skill sets that saw the power of the internet, what was possible and

searched for an entrepreneur opportunity. Some of these individuals have true rags to riches stories and other is just ordinary people with a dream who leveraged today's technological resources to realize their burning desire for success.

Indian Entrepreneurship Scenario:

Before 1991, Indian business success was a function of ambition, licenses, government contacts, and an understanding of the bureaucratic system. Decisions were based on connections, rather than the market or competition. Business goals reflected a continuation of the '*Swadeshi*' movement, which promoted import substitution to attain economic freedom from the West. Pre-1991 policies were inward looking and geared towards the attainment of self-reliance. During this era, entrepreneurship was subdued, capital was limited and India had very few success stories. In 1991, the Indian government liberalized the economy, thus changing the competitive landscape. Family businesses, which dominated Indian markets, now faced competition from multinationals that had superior technology, financial strength and deeper managerial resources. Thus, Indian businesses had to change their focus and re-orient their outlook outward. A few existing Indian business families adapted to the new economic policy while others struggled.¹⁸

Liberalization, however, changed the very nature of the joint family. If large Indian businesses were to succeed, the family would have to re-orient itself to compete in a global, competitive environment. Post liberalization, IT businesses succeeded because they were customer focused and professionally managed. The old,

family-managed businesses, which formed the backbone of the economy, needed to evolve and become more institutional, if they were to extend their life cycle. It is difficult to dampen the Indian entrepreneurial spirit. It has grown and competed in the global market despite the controls of the Indian government. Entrepreneurs have shown their ability to adapt to the changing economic environment and deal positively with the uncertainties in the market place. Yes, the joint family structure the spawning ground for entrepreneurs continues to evolve and compete effectively in the world market. But if that success is to be sustained, the economic reforms will also have to continue.

Scope for Entrepreneurship Development in India:

In India there is a dearth of quality people in industry, trade and services which demands high level of entrepreneurship development programme throughout the country for the growth of Indian economy. The scope of entrepreneurship development in country is tremendous. Especially since there is widespread concern that the acceleration in GDP growth in the post reforms period has not been accompanied by a commensurate expansion in employment. Results of the 57th round of the National Sample Survey Organization show that unemployment figures in 2001-02 were as high as 8.9 million. Incidentally, one million more Indian joined the rank of the unemployed between 2000-01 & 2001-02. The rising unemployment rate (9.2% 2004 est.) in India has resulted in growing frustration among the youth. In addition there is always problem of underemployment. As a result, increasing the entrepreneurial activities in the country is the only solace. Incidentally, both the reports prepared by Planning Commission to

generate employment opportunities for 10 crore people over the next ten years have strongly recommended self-employment as a way-out for teaming unemployed youth. In India, where over 300 million people are living below the poverty line, it is simply impossible for any government to provide means of livelihood to everyone.¹⁹ Such situations surely demand for a continuous effort from the society, where the people are encouraged to come up with their entrepreneurial initiative. In the post-independence period, skill development training was offered through the Central / State Governments industrial training institutions and advanced training. Pattern of entrepreneurial activities in India has undergone a sea change in the latter half of the 20th century.

Entrepreneurship Development Programme:

Entrepreneurship development should be viewed a way of not only solving the problem of unemployment but also of overall economic and social advancement of the nation. Wide-scale development of entrepreneurship can help not only in generating self-employment opportunities and thereby, reducing unrest and social tension amongst the unemployed youths but also in introducing small business dynamism, encouraging innovative activities and facilitating the process of balanced economic development.

Entrepreneurship can be developed through appropriately designed programmes. A multitude of institutions at all levels in the private as well as public sectors have been rendering services through incentives, training and facilities for promotion of entrepreneurship. The National Alliance of Young Enterprises

(NAYE), Small Entrepreneurial Development Institute of India (SEDII), National Institute of Entrepreneurship and Small Business Development (NIESBUD), Centre for Employment Development (CED), Integrated Rural Development Programme (IRDP), Prime Minister Rozgar Yojana (PMRY) Small Industry Development Bank of India (SIDBI), District Industrial Centre (DIC), National Employee's Board (NEB) Training of Rural youth and Self Employment (TRYSEM), Trade Related Entrepreneurship Assistance of Development (TREAD), Self Employment Programme for Educated Youth (SEPEY), Village and Khadi Commission (VKC), etc., are the various programmes for promoting entrepreneurship.²⁰

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:²¹

1. ***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.

2. ***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.
3. ***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.
4. ***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.

5. ***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 large amount of foreign exchange which is essential for the growth and development of any economy.
6. ***Improves the standard of living and per-capita income:*** EDPs provide the necessary support to entrepreneurs by educating them about the latest 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.

Entrepreneurship Skill Development Programmes:

Comprehensive training programmes are organized to upgrade skills of prospective entrepreneurs, and existing workforce and also develop skills of new workers and technicians of MSEs by organizing various technical-cum-skill development training programmes with the basic objective of providing training for their skill up gradation and to equip them with better and improved

technological skills of production. The specific tailor made programmes for the skill development of socially disadvantaged groups (OBC, SC/ST, minorities and women) are organized in various regions of the states, including the less developed areas. The target group for these programmes are SC, ST, OBC, women, minorities and other weaker sections.

Role of Entrepreneurship in the LPG Era:

The entrepreneurs have to play a very important and dynamic role in the era of Liberalization, Privatization and Globalization (LPG). The entrepreneur will have to strive hard in setting a goal to make India a developed nation. Since India has to keep pace with the developments which are taking place in UK, USA, Japan and other industrially advanced countries.²² Privatization is a major economic reform implying transfer of economic power from the Government to the Private sector and the process of business decision making is transmitted to private individual firms in a free market economy. In other words any process which reduces the involvement of state in the economic activities of a nation is a privatization process. Globalization is dominate force in the 20th century's last decade, is shaping a new era of interaction among nations, economies and people. It is increasing the contacts between people across national boundaries in economy and people. With the liberalization of the economy, India offers substantial opportunities for entrepreneur in the areas of power generation, food processing, mining and telecommunication.

In developing countries, small enterprises started with the groups of traditional small business set up by sole proprietors in retail trade, services and consumer industries. However, with changes in the socio-economic environment, such entrepreneurs have been confronted with the choice of either remaining as they are or being swept out of the market competition or making necessary changes and innovations so as to continue to survive. Also, they face the prospect of either remaining small or are willing to expand or diversify. However, the development process itself has given rise to new economic opportunities for entrepreneur's including small business enterprises. With the growth of economy and the political and economic compulsions and the desire to become self-reliant, the need arises for enterprises that cater to the multiple demands of economy, for low gestating, employment oriented and medium based enterprises. In addition, development within the agricultural sector has also been resulted in the creation of agro-business activities.

The Role of Entrepreneurship in India's Future Economic Development:

The progress of Indian economic development from 1947 to the present provides further evidence that individuals do respond to incentives in their pursuit of self-survival and accumulation of wealth. Further, the nature of this response depends on the economic climate, particularly the role of the government. India's economy struggled as long as it was based in a system of government regulation with little interaction with economic forces outside the country. The economic reforms of the early 1990s set the stage for substantial improvements in the Indian economy.

India's economy grew at an average of 6.3 per cent from 1992-1993 to 2000-2001. Further, its rate of inflation and fiscal deficit both decreased substantially. Improved exchange rate management led to improved financing of the current account deficit and higher foreign exchange reserves. Finally, India's GDP and per capita income both increased substantially from 1990-1991 to 1998-1999. India can do more, however, to further advance its economic development. Indeed, one of the more recent microeconomic approaches to economic growth is the promotion of entrepreneurial activities. Entrepreneurial efforts have been found to generate a wide range of economic benefits, including new businesses, new jobs, innovative products and services, and increased wealth for future community investment.²³

Given India's economic progress in recent years, the country may now be ready for the implementation of microeconomic policies that will foster entrepreneurial activities. Fortunately, in addition to the macro-economic reforms mentioned earlier, India has taken other steps to lay the foundation for the type of economic growth that can be fostered only by entrepreneurial activities and appropriate economic policies that reflect individual rights and responsibilities. For example, in recent years India has made several important structural changes, including the construction of telecommunications networks and the implementation of a nationwide road-construction programme. Further, several thousand "new economy" businesses – the types of businesses especially suited for entrepreneurship efforts-were started in 2000 alone. However, more than just opportunities should lead India to consider entrepreneurial activities as a way to economic growth. At

least one major threat, a growing population, also should motivate it to consider entrepreneurial effort as an economic policy. Specifically, the country's population is expected to increase by 110 to 130 million people over the next 10 years, with approximately 80 to 100 million of those new citizens seeking jobs that do not currently exist. Entrepreneurial efforts can help to provide those jobs.²⁴

India can generate additional economic growth by fostering entrepreneurial activities within its borders, particularly within its burgeoning middle class. Not only has entrepreneurship been found to yield significant economic benefits in a wide variety of nations, but India specifically has reached a point in its development where it can achieve similar results through entrepreneurial efforts. Among other things, India is poised to generate new business start-ups in the high technology area that can help it become a major competitor in the world economy. For example, it has a strong education base suited to entrepreneurial activities, increased inflows of foreign capital aimed at its growing information technology services sector, and a host of successful new business start-ups.

To pursue further the entrepreneurial approach to economic growth, India must now provide opportunities for

- (1) education directed specifically at developing entrepreneurial skills,
- (2) financing of entrepreneurial efforts, and
- (3) Networking among potential entrepreneurs and their experienced counterparts.

Obviously, the government can play a substantial role in helping to provide these types of opportunities. It can also provide the appropriate tax and regulatory policies and help the citizens of India to understand the link between entrepreneurial efforts and economic prosperity. However, its role overall must be minimized so that the influence of the free market and individual self-interest can be fully realized. Only time will tell if increased entrepreneurial activities in India will actually yield the economic benefits found in so many other nations of the world. Should India decide to pursue that avenue of economic development, then future research needs to examine the results of India's entrepreneurial programme. Perhaps more important, that research also needs to determine how India's success in entrepreneurial efforts might differ from those pursued in developed nations.

Entrepreneurship Promotion:

There is a growing interest in the role that entrepreneurship can play as a catalyst to achieve economic and social development objectives, including growth, innovation, employment, and equity. Entrepreneurship can manifest within an economy in a number of ways, and it includes both formal and informal economic activities for the purposes of creating wealth. In turn, entrepreneurship can contribute to economic development through high-growth enterprises or, as in the case of necessity-driven entrepreneurship, through enterprises that can serve as an important source of income and employment for vulnerable populations. The variety of potential beneficial spill overs of entrepreneurship in turn focuses attention on interventions that stimulate individuals' decisions to become and succeed as entrepreneurs. A current focus of

entrepreneurship promotion is the role of mind sets and skills in enabling individuals to both recognize and capitalize on entrepreneurial opportunities.

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