

## THE ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

---

Dr. Shivaraj Sagar\*

### Abstract

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. Entrepreneurs are like gamblers, and like any gambler, their chances of winning increase if they have the right cards. 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. Path breaking offerings by entrepreneurs, in the form of new goods & services, result in new employment, which can produce a cascading effect or virtuous circle in the economy. If we understand the benefits and drawbacks, a balanced approach to nurturing entrepreneurship will definitely result in a positive impact on economy and society.

*Keywords: Entrepreneur, Economic Development, Regional Development*

### Introduction

*Entrepreneurship has at two meanings:* First, entrepreneurship refers to owning and managing a business. This is the occupational notion of entrepreneurship i.e. creation of new business. Second, entrepreneurship refers to entrepreneurial behavior in the sense of seizing an economic opportunity. This is the behavioral notion of entrepreneurship. The entrepreneur, therefore, "is someone who specializes in making judgmental decisions about the coordination of scarce resources." The term emphasizes that the entrepreneur is an individual. As G. L. S. Schackle wrote, "The entrepreneur is a maker of history, but his guide in making it is his judgment of possibilities and not a calculation of certainties," and identified uncertainty bearing as the economic function of the entrepreneur. According to Schumpeter, the entrepreneur is the prime mover in economic development and his function is to innovate. It is defined and established in traditional theories that Investment in new knowledge increases the technology opportunity set and sharpens the ability to look into the future. Entrepreneurial activity thus could be very well understood as the activity that holds the discovery, evaluation and exploitation of opportunities within the defined established framework and how these opportunities are discovered exploited is related to institutional arrangement of the country or the individual.

### Need for Entrepreneurship Development

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

---

\* Head, Department of Economics, Government First Grade College, Bhalki, Bidar District, Karnataka.