

## ENTREPRENEURSHIP CHALLENGES AND OPPORTUNITIES IN INDIA: AN OVERVIEW

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### ABSTRACT

*Entrepreneurship acts as a catalyst for the economic prosperity of a nation as it leads to generation of employment, contribution in national income, rural development, industrialization, technological development, export promotion etc. In India, various initiatives have been taken by the government from time to time for entrepreneurship development in the country. Entrepreneurs face many challenges in establishing, running and managing their enterprises. In this chapter, a discussion is undertaken on the challenges faced by the entrepreneurs who were studied in the sample of field survey. Besides challenges, there are unlimited opportunities for entrepreneurship development in the state.*

**KEYWORDS:** *Challenges, Opportunities, Entrepreneurship, Economic Development, SETU.*

### Introduction

Entrepreneurship plays a significant role in the economic development of a country. The developed countries like USA, Russia and Japan supports the fact that entrepreneurship is the cause for the economic development in their country. Entrepreneurship is the most powerful weapon in the hands of one to fight against poverty and unemployment. It is widely accepted by every, big or small country, that well motivated entrepreneurs are must for accelerating the process of economic development. Entrepreneurship acts as a catalyst for economic prosperity of a nation as it leads to generation of employment, contribution in national income, rural development, industrialization, technological development, export promotion etc. The economic development of a Nation depends on its industrial development. The industrial development is based on the entrepreneurial competencies of the people.

### Challenges Faced by the Entrepreneurs

Challenges faced by the sampled entrepreneurs are classified as marketing, raw material, and manpower, finance, power, procedural formalities and machinery. In addition to these, entrepreneurs are also facing several other challenges. These are categorized as - social problems, inadequate policy incentives and transportation cost. The challenges faced by the sample entrepreneurs are discussed below:

- **Challenges in Respect of Manpower**

Non availability of suitable manpower is often cited as a major constraint to entrepreneurship development. In the field survey, entrepreneurs stated inadequate supply of both skilled and unskilled labour to be a major bottleneck. Besides, attitudinal problems among labour were also cited as another major constraint.

- **Challenges in Respect of Finance**

Finance is considered to be life line of an enterprise. For smooth running of an enterprise finance is the most important requirement. The field survey reveals that out of 200 sample entrepreneurs, 89 (44.5%) entrepreneurs considered mobilizing finance as a major challenge for them. The challenge of finance takes different shapes from experiencing difficulties in getting credit to suffering delay in sanction and disbursement, once credit is accessed.

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- **Challenges in Respect of Machinery**

Repair and maintenance of machinery is considered to be challenge by 15 (7.5%) entrepreneurs. Among them, for 12 entrepreneurs non availability of trained personnel to look after the specific problem of machineries, poses a major problem. In the field survey it is found that this challenge is mainly confined to the plastic based enterprises. Again, three entrepreneurs have stated that voltage fluctuation has created machinery problem to their enterprises.

- **Challenges in Respect of Marketing**

Marketing poses a major challenge for most micro and small enterprises. Marketing efficiency determines the success of an enterprise.

**Opportunities for Entrepreneurship Development**

In recent years, tremendous opportunities have been emerging in the country as well as in the state in the field of entrepreneurship. The opening up of the Indian economy, process of economic liberalisation, rise in purchasing power - particularly of the middle class people, have played an important role in the creation of these new opportunities. New entrepreneurs can take advantage of these opportunities. Opportunities are emerging in respect of manufacturing enterprises, service enterprises, trade and commerce and agriculture and allied sector etc. Besides, growing awareness about self employment and entrepreneurial career has also encouraged many people to come forward to take up entrepreneurial career.

**Recent Policy Reforms for Entrepreneurship Development**

- **Make in India**

It is an initiative of the Government of India launched on 25<sup>th</sup> September, 2014 to encourage multi-national, as well as domestic, companies to manufacture their products in India.

- **'Start-Up' Initiative**

It aims to encourage entrepreneurship among the youth of India. The 'Start-up India: Stand up India' promotes bank financing for start-ups and offer incentives to enhance entrepreneurship and job creation. Prime Minister, Narendra Modi said that, "Each of the 1.25 lakh bank branches should encourage at least one Dalit or Adivasi entrepreneur and at least one woman entrepreneur". This initiative will provide a new dimension to entrepreneurship and help in setting up of a network of start-ups in the country.

- **MUDRA Bank**

Micro Units Development Refinance Agency (MUDRA) Bank has been set up on 8<sup>th</sup> April 2015 for development of micro units to encourage entrepreneurship in India and provide the funding to the non corporate small business sector. MUDRA Bank provides refinance to Banks, MFIs, NBFCs etc. for loans to micro units having loan requirement from Rs. 50000 to Rs. 10 lakh. Under MUDRA Yojana, MUDRA Bank has launched three products names Shishu, Kishore and Tarun to signify the state of growth and funding needs of entrepreneurs. Rs. 20000 crore has been allotted to MUDRA Bank for the SME sector which will enhance credit facility to boost the growth of small businesses and manufacturing units.

- **ATAL Innovation Mission (AIM)**

It also called as AIM Platform was established through 2015 budget within National Institution for Transforming India (NITI) to provide innovation promotion platform involving academicians, and drawing upon national and international experiences to foster a culture of innovation, research and development. The 2015 budget has earmarked Rs. 150 crores for the AIM Platform.

- **Self Employment and Talent Utilization (SETU)**

It is a Techno-Financial, Incubation and Facilitation Programme to support all aspects of start-up businesses, and other self-employment activities, particularly in technology-driven areas. An amount of Rs. 1000 crore is being set up initially in NITI Aayog for SETU. It also aims to create around 100,000 jobs through start-ups.

**India Specific Entrepreneurship Challenges Are**

- **Social Challenges:** Family challenges are always at the top because that is what matter the most but at times social challenges also are very important. Let us say you and your friend graduated at the same time. You opted for entrepreneurship and your friend opted for a job. He now has a flat, car and what not because he could easily get those with a bank loan but you still have nothing to show off and this is where challenge comes.

- **Financial Challenges:** (Difficulty in borrowing fund): Financial challenges are a lot different in India especially for online entrepreneurs. When you are starting out as an entrepreneur you don't opt for venture funding but try to go with funding from small to medium business people. Many such non technical business people don't understand the online business models as a whole and so getting an initial business funding from them becomes challenging. The other option you can think of is loan but bank loan is not at all an option in India for new online entrepreneurs.
- **Policy Challenges:** Now and then there is lot of changes in the policies with change in the government. Problems of TRIPS and TRIMS.
  - Problems of raising equity capital.
  - Problems of availing raw-materials
  - Problems of obsolescence of indigenous technology.
  - Increased pollutions Ecological imbalanced.
  - Exploitation of small and poor countries, etc.
- **Opportunities**
  - Free entry into world trade.
  - Improved risk taking ability.
  - Governments of nations withdrawn some restrictions
  - Technology and inventions spread into the world.
  - Encouragement to innovations and inventions.
  - Promotion of healthy competitions among nations.
  - Consideration increase in government assistance for international trade.
  - Establishment of other national and international institutes to support business among nations of the world.
  - Benefits of specialization.
  - Social and cultural development
- **Challenges for Rural Entrepreneurs**
  - Growth of Mall Culture
  - Poor Assistance
  - Power Failure
  - Lack of Technical know how
  - Capacity Utilization
  - Infrastructure Sickness
- **Opportunities for Rural Entrepreneurs**
  - Crashed Scheme for Rural Development
  - Food for Work Programme
  - National Rural Employment Programme
  - Regional rural Development Centres
  - Entrepreneurship Development institute of India
  - Bank of Technology
  - Rural Innovation Funding
  - Social Rural Entrepreneurship

Today's knowledge based economy is fertile ground for entrepreneurs, in India. It is rightly believed that India has an extraordinary talent pool with virtually limitless potential to become entrepreneurs. Therefore, it is important to get committed to creating the right environment to develop successful entrepreneurs. The study of entrepreneurship has relevance today, not only because it helps entrepreneurs better fulfill their personal needs but because of the economic contribution of the new ventures. More than increasing national income by creating new jobs, entrepreneurship acts as a positive force in economic growth by serving as the bridge between innovation and market place.

### Conclusion

Entrepreneurs face a number of challenges in establishing and running an enterprise, such as marketing, raw material, manpower, finance, power, machinery, and social challenges etc. Opportunities also abound for entrepreneurial activities. In fact, more and more opportunities have been emerging in the field of entrepreneurship. Considering the opportunities, projection is made on output, investment and employment in the Micro and Small Enterprise sector for the year 2015. Result shows that newly established MSEs in 2015 are projected to produce output worth Rs. 35232.68 lakh. The investment requirement in these MSE units during that year is projected at Rs. 12818.32 lakh and finally the manpower requirement for these new MSEs is projected at 16366.

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