

ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

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ABSTRACT

Entrepreneurs play an important role in economic development of India where mostly 70% of the people live in rural areas has great significance. Entrepreneurs are driven to achieve success in their business along with the qualities of a leader, continues learner, decision maker and most important is to implement all these qualities in to the work. It is the entrepreneur who starts this process of production by risk taking and inventive behavior. He plays a crucial role in rapid expansion of investment, employment, income and production. This paper focuses and provides an insight in to the meaning, qualities required for an entrepreneur. I made efforts to found that how entrepreneur can play a vital role in economic growth. In present scenario only entrepreneur is the keyman who creates new opportunities, new ideas, and new methods of production, new products and new designs. Thus we can say entrepreneurship can bring about change in the very structure of the economy. Entrepreneurship is the barometer of overall economic, social and industrial growth in society. He has the capacity to transform "The no growth economy "in to industrialized or high tech -society.

KEYWORDS: *Entrepreneurship, Success of Entrepreneurs, Economic Development.*

Introduction

The economic development of a Nation depends on its industrial development. The industrial development is based on the entrepreneurial competencies of the people. Hence, the concept of building entrepreneurship Promotion is need of the hour. Entrepreneurs have significant contribution not only in the business field, but in the process of total economic development of any nation also. Although the economic development depends upon land, labour, raw material, capital, implements, machinery, technical knowhow, price determination and complexities of the market. But, in modern age, 'entrepreneurship' has a distinct place in the economic development, due to the complexities of production system, ever changing managerial techniques and increasing risks in the business. Traditionally entrepreneurship implies the ability and appitude to bear various types of business related risks and facing of uncertainties. However, in modern sense, the ability to establish new enterprise, directing and controlling it and the adventure capacity to make changes and carrying out various new improvements in the enterprise is called 'entrepreneurship'.

Economic Growth and Entrepreneur

The entrepreneurs have important in encouraging the economic progress of any country. He is the person who makes possible the maximum utilization of resources available in the country as an individual or in a group. Due to lack of efficient and capable entrepreneurs, many countries are lagging behind in economic progress, in spite of being rich in natural resources. Japan, Germany and China are the leading economically developed nations of the world mainly due to the efforts made by the industrial entrepreneurs of those nations. It may be rightly stated that the economic development of any nation or standards of living of its people largely depend upon the role of entrepreneur.

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The role of the entrepreneur in encouraging and boosting the economic progress may be explained, as follows:

- **Establishment of New Single Business Enterprises:** The entrepreneur does not establish a business enterprise, but makes consistent efforts for establishment of series of new enterprises. The entrepreneur establishes a new business enterprises and hands over it to the managers and again gets indulged in establishment of the new enterprise.
- **Basis of Modern Business:** For each type of business, large or small, risks and uncertainties of various natures always prevail. Hence, it has been rightly stated that 'Business is the game of risk' and that 'Business is full of risks'. The question of starting the business does not arise, till some person is not ready to face the risks. This risk is faced by the entrepreneur, because he is efficient and capable to face the odds and the risks for starting of any business.
- **Leader of Whole Industry:** The role of the entrepreneur may be viewed as the leader of the whole industry. He not only bears the business risks, but is also the economic planner of the industry, foresighted, inventor of new methods of production, builder of the economic structure of the country and the person to keep full watch on the activities of the competitors. That is why; Prof. Marshal has termed the entrepreneur as the 'Captain of the Industry'.
- **Organizer of the Society's Productive Resources:** According to James Bern, "Entrepreneur is the organizer of sources of production of the society." Of course, the entrepreneur combines sources of production of the society, in suitable proportions, establishes effective coordination between them, make them dynamic and makes efforts for maximum and best possible production, at the minimum cost.
- **Balanced Rapid Economic Growth:** The entrepreneurs have important role in the economic development of the country. They explore business opportunities and establish series of new industries to avail these opportunities, develop new techniques of production and make production of new products.
- **Capital Formation:** The entrepreneur contributes in capital formation. We know that high rate of capital formation is quite essential for economic development of any country. The countries that is not able to increase the rate of capital formation or continue to lag behind in industrial growth. The entrepreneur increases the rate of capital formation by establishing new units and providing employment opportunities.
- **Establishment of Self Sufficient Society:** The establishment of a self sufficient society is possible only by productivity revolution in various areas of production in the country. The developed entrepreneurs have to fulfill the requirements of local community, by increasing production of the business enterprises, to meet local requirements as well as for export promotion. As a result, standards of living of people in employment and productivity will increase.
- **Creation of Industrial Environment:** The entrepreneurs are also pioneers to create an industrial environment, as the entrepreneurs new enterprises, arrange required resources, face risks and uncertainties and take innovative activities.
- **Removal of Regional Disparities:** Regional disparity weakens the country. It is an obstacle in industrial development. Entrepreneurs have significant contribution in removal of regional disparities by establishing new industries in the backward areas.
- **Development of Entrepreneurial Traits:** The entrepreneur's leads independent life, becomes self sufficient and high targets of life.
- **Development of New Production Techniques:** The entrepreneur feels to replace old techniques by new techniques. So, he consistently continues to make new inventions and discoveries in the field of production. As a result thereof, the consumers get best qualities of products at low prices.
- **Removal of Poverty:** The people continue to be poor, due to lack of industrial development. The entrepreneurs have important role in eradicating poverty. By establishing new industries, they provide substantial employment, which enhances the per capita income; vicious circle of poverty can be broken. Thus, entrepreneurs have distinct role in removal of poverty and raising of standards of living of the people.

- **Increase in Employment Opportunities:** Series of new industries is established by development of the enterprises and the expansion and development of country provide employment to high number of persons. According to Ribson, "In developing countries, entrepreneurs the person to provide opportunities for employment."
- **Minimize Socio-economic Problems:** As a result of development of the entrepreneurs, business enterprises in various parts of the country are established. It will minimize various problems, like class conflicts, pollution of environment, prevalence of slum areas and social crimes etc. In the cities. By development of business activities in the villages, social evils like dowry and intoxication etc. can be reduced and the attention of people will start to divert wasteful expenditure into savings and capital formation.

Factors Impeding the Growth of Entrepreneurship in India

According to Karl Wester, there are various impediments in the growth of entrepreneurial development, like lack of viable concept, lack of market familiarity, lack of technical skill, lack of business knowledge, lack of seed capital, lack of self satisfaction and motivations, social evils, lack of jobs, pressure of time and attention towards other sides, legal obstacles, monopoly (protectionism and patents), etc. In India, various efforts have been made, after independence for entrepreneurial development, both at Government and non-Government levels, which includes Industrial Policy, Commercial Policy, and Licensing Policy, globalization and simplification, etc. But, the progress in this regard may not be termed as satisfactory.

Following are the causes in implementation for slow entrepreneurial growth in India:

- Traditional Society
- Hereditary Jobs
- Unproductive Expenditure
- Lack of Basic Infrastructure
- Lack of Entrepreneurial Spirit
- Cultural Values
- Lack of Education-Training Facilities
- Lack of Favourable Environment
- Deficiency of Capital
- Social and Cultural Factors
- Competition with Big Industrial Houses
- Resistance against Innovations and Changes
- Lack of Techno structure
- Centralization of Economic Power
- Low Expenditure of Research and Development
- Insufficient Government Facilities and Incentives
- Bureaucracy and Redtapism
- Other Obstacles

Suggestions for Development of Entrepreneurship in India

Although the Government of India, banks and other organizations have initiated various steps for entrepreneurial development, but it should be given highest priority of providing facilities and incentives for entrepreneurship, as development of entrepreneurship is a new concept for India. Prof. Udai Pareek and Manohar Nadkarni have written that "By entrepreneurial development is meant development of entrepreneurs and encouraging flow of persons to entrepreneur ranks."

Following suggestions may be given for entrepreneurial development in India:

- **Industry oriented Planning:** Efforts are being made throughout the country for planned economic development, but planning needs to be made industry-oriented, so that rapid industrialization may be encouraged and national goals may also be achieved.

- **Formation of Favourable Environment:** Infrastructural facilities should be developed for entrepreneurial development. Land, electricity, water and raw material should be made available to the entrepreneurs, at cheaper rates and by constructing the industrial estates. Favourable entrepreneurial environment should be also created by making improvements in social environment.
- **Facilities and Incentives:** Adequate and proper facilities and incentives should be provided to the new entrepreneurs for establishing industries and implementing the innovations.
- **Extension of Entrepreneurial Training Programme:** The entrepreneurial training programmes executed by Central Government, State Governments, various Government and Non-Government organizations should be adequately improved and extended, so that they may prepare entrepreneurs to successfully operate their enterprises and expand their entrepreneurial activities. Educated unemployed persons and technically qualified persons should be attracted towards such programmes by providing them suitable incentives.
- **Encouragement to Research and Investigation:** Research and investigation facilities should be encouraged in the country.
- **Development of Public Enterprises and Managerial Efficiency:** Government itself should come forward and establish industries in public sector, in those fields and areas, in which private industrialists are not taking interest.
- **Improvement of Managerial Education and Training Arrangements:** Managerial education and training should be restructured, in accordance with the requirements of present day business, so that efficient and adequate techno structure may be built, for proper management and operation of industries in the country.
- **Law and Provisions:** The legal provisions prescribed for establishment and control on business and industries in the country are quite complicated and rigid and they are not conducive for entrepreneurial development and as a result many persons are not able to expose themselves as entrepreneurs.
- **Publicity and Dissemination of Entrepreneurship Literature:** Entrepreneurship literature should be prepared, published, publicized and adequately properly disseminated.
- **Other Suggestions**
 - Strong Capital and money markets should be developed.
 - Cooperation and coordination should be developed between public and private sectors.
 - Tax structure should be made favourable to the entrepreneurs.
 - Efforts should be made to maintain economic stability in the Country.

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