

Entrepreneurship and its impact on Indian Economy

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ABSTRACT

Entrepreneurship is an efficient source of economic development. Without enterprise and entrepreneurs, there would not be much invention, growth and employment. They account for a large part of the economic activities operate both in agricultural and non-agricultural sector. India is the 2nd highest populated economy having a wider market with extensive opportunity. Hence, the current paper focuses on the entrepreneur's contribution in the development of the economy in terms of employment, for which secondary data from different web sources have been collected. Percentage method, Simple graph and growth rate is used to analyse the objective. The analysis reveals that the entrepreneurs in non-agricultural sector are more than agricultural sector, since greater entrepreneurial population belong to non-agricultural sector the Government has to take necessary steps for the development of the economy. As a result there can be better infrastructure, especially in technology, better access to finance, rise of role models, which in turn will enhance the economic development. Based on the above review the policy suggestions are made.

1. Introduction

Entrepreneurship is the starting of new businesses, it is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. It is an effervescent source of economic development. Without enterprise and entrepreneurs, there would not be much invention, growth and employment. They account for a large part of the economic activities operate both in agricultural and non-agricultural sector. According to Adam Smith an entrepreneur, as an individual who forms an organization for commercial purpose. He / She is proprietary capitalist, a supplier of capital and at the same time a manager who intervenes between the labor and the consumer.

"The Global Entrepreneurship Index is an annual index that measures the health of the entrepreneurship ecosystems in each of 137 countries. It then ranks the performance of these against each other. This provides a picture of how each country performs in both the domestic and international context. The GEDI methodology collects data on the entrepreneurial attitudes, abilities and aspirations of the local population and then weights these against the prevailing social and economic 'infrastructure' – this includes aspects such as broadband connectivity and the transport links to external markets. This process creates 14 'pillars' which GEDI uses to measure the health of the regional ecosystem". (www.gei.com). Table 1 provides the Global Entrepreneurship Index (GEI) of 2016 and 2017. Based on this GEI the rank is given for different countries globally. It is clear from the table, that there is not much changes in the top ten countries, countries like Brazil, India and Pakistan has a better rank in 2016 than 2015.

United States	86.2	1	85	1
Canada	79.5	2	81.5	2
Australia	78	3	77.6	3
Denmark	76	4	71.4	6
Sweden	75.9	5	71.8	5
Taiwan	69.7	6	69.1	8
Iceland	68.9	7	70.4	7
Switzerland	67.8	8	68.6	9
United Kingdom	67.7	9	72.7	4
France	66.4	10	67.3	12
South Africa	38.5	52	40	52
china	34.7	60	36.4	61
Russia	32.2	68	31.7	70
Brazil	26.1	92	25.8	100
India	24.9	98	25.3	104
Pakistan	19.8	109	20.1	123
Bangladesh	15.2	125	14.4	130

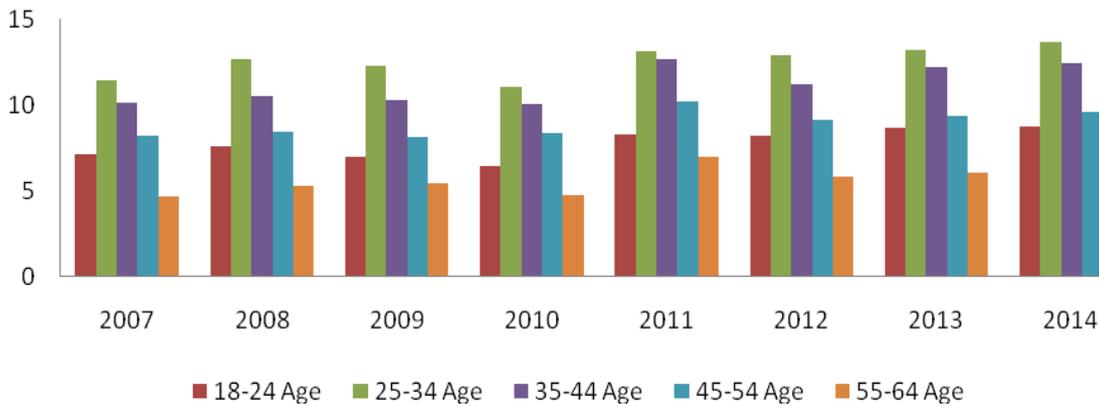
Source: Global entrepreneurship and development institute(2016-15)

India is the 2nd highest populated economy having a wider market, where everyone getting employment opportunities is a big problem. The economic reforms of 1991, has transformed it into a fastest growing economy. Since then the nation has moved into a market based system. After liberalization, privatization and globalization the foreign companies were allowed to invest and do business which created competition to Indian entrepreneurs. In spite of the global competition, few India entrepreneurs are found in different countries running their business successfully. Graph 1 clearly reveals from global entrepreneurship and development institute, that entrepreneurs of age between 25 and 44 are more globally. Around 50 percentage of Indian population belong to this age group.

Table 1: The TOP Country GEI score (2016 and 2015)

COUNTRY	GEI 2016	RANK	GEI 2015	RANK
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Graph 1: Total Entrepreneurial Activity across Age Groups in global



Source: Global entrepreneurship and development institute(2016-15)

Ministry of Skill Development and Entrepreneurship, Government of India (GOI) aims for the removal of disconnect between demand and supply of skilled manpower, building the vocational and technical training framework, skill up-gradation, building of new skills and innovative thinking not only for existing jobs but also jobs that are to be created. (<http://www.skilldevelopment.gov.in>). As exactly specified by the GOI, LEM (Labour, Employment & Manpower) Report, “Youth with entrepreneurship skill should be identified at class 10th stage and should be given special motivation to build on (Pg.138), self employment and entrepreneurship programmes must be strengthened as it will go a long way in resolving educated and youth unemployment problem” (pg.158).

Number of studies have been conducted at national and international levels regarding entrepreneurs and Entrepreneurial development. Few studies by Chernovskaya (2005), Goel (2007), Singh (2011), Manjusmita and Kaur (2012), Mohture and Priyadarshani (2013), Gulati and Suniel Sharma (2013), Toma(2014) and Manikandan (2016) focuses on

Entrepreneurial development. Based on the above theory the current paper focuses on the entrepreneurs contribution in the development of the economy, for which secondary data from different web sources like, OCED, Global entrepreneurship and development institute, Ministry of Commerce and Industry, Department of Industrial Policy and Promotion and All India sixth Economic census report, 2016 have been used. Percentage method, Simple graph and growth rate is used to analyse the above objective.

2. Sectorial breakdown of male and female entrepreneurs:

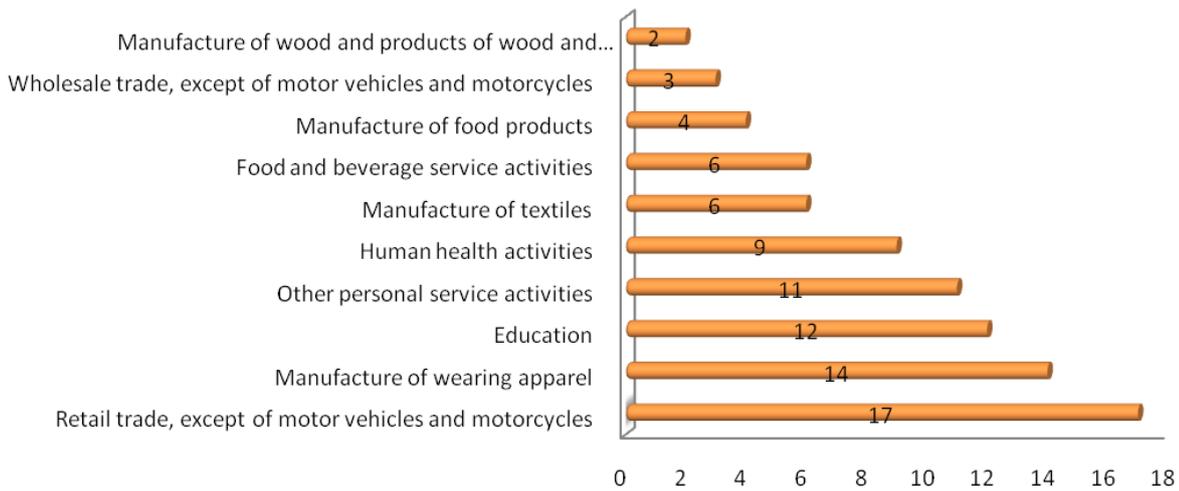
The Sectorial breakdown of male and female entrepreneurs is presented in table 2. The sectors which fall in the top ten ranks along with its percentage contribution is provided in the table below followed by chart 2.a and 2.b also provides the same information in bar chart arranged in increasing order.

Table 2: Sectorial breakdown of Male and Female entrepreneurs

Female entrepreneurs			Male entrepreneurs	
Rank	Sector	%	Sector	%
1	Retail trade, except of motor vehicles and motorcycles	17	Retail trade, except of motor vehicles and motorcycles	22
2	Manufacture of wearing apparel	14	Wholesale trade, except of motor vehicles and motorcycles	7
3	Education	12	Food and beverage service activities	7
4	Other personal service activities	11	Land transport and transport via pipelines	7
5	Human health activities	9	Manufacture of wearing apparel	5
6	Manufacture of textiles	6	Manufacture of food products	5
7	Food and beverage service activities	6	Wholesale and retail trade and repair of motor vehicles and motorcycles	5
8	Manufacture of food products	4	Manufacture of textiles	4
9	Wholesale trade, except of motor vehicles and motorcycles	3	Manufacture of fabricated metal products, except machinery and equipment	3
10	Manufacture of wood and products of wood and cork, except furniture	2	Education	3

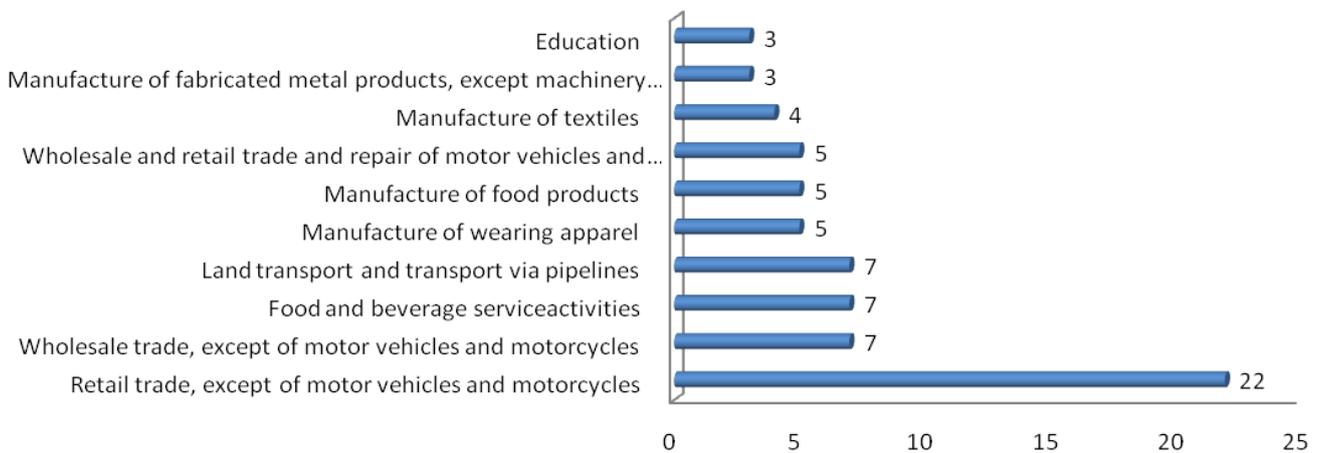
Source, OCED , 2015

chart 2.a.Sectorial breakdown of Female entrepreneurs (in %)



Source: computed from OCED, 2015

Chart 2.b. Sectorial breakdown of Male entrepreneurs (in %)

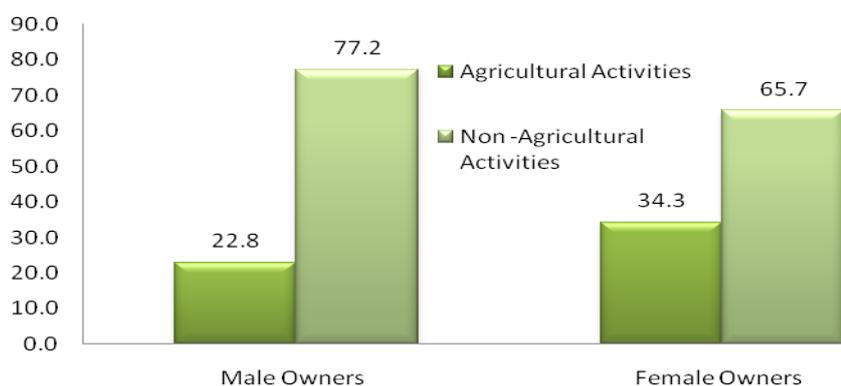


Source: computed from OCED, 2015

Graph 3 reveals the establishment (agricultural and non-agricultural activities , in percentage) engaged by male and female entrepreneurs. It is clear from the graph that female owners exceed male owned in agricultural activities and male owners dominate the non-agricultural activities. Overall the ownership in non-agricultural activities is much higher than agricultural activities and its breakdown (in percent) is clearly

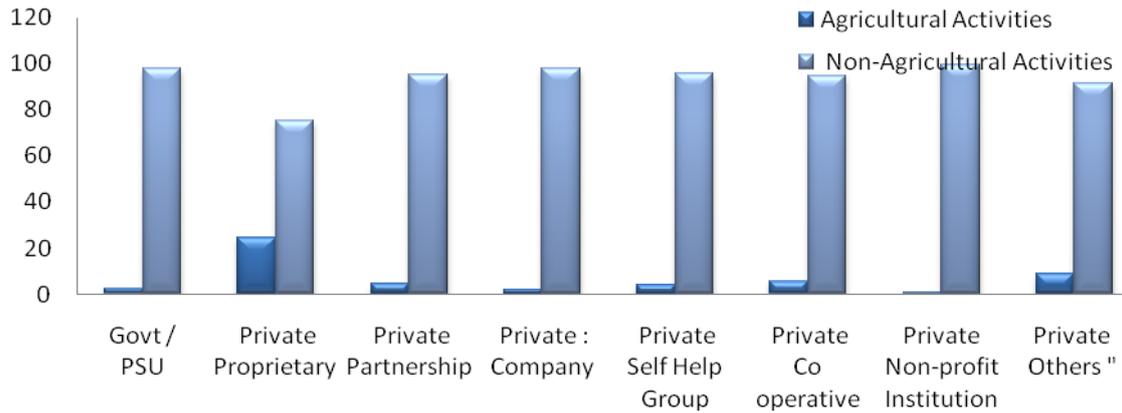
provided in graph 4. The Percentage distribution of proprietary establishments by social group of the owner SC/ST, OBC, others in agricultural and non-agricultural activities is presented in graph 5. It is clear from the graph that, the social group of owners are high in non-agricultural activities than agricultural activities.

Graph 3: Establishments by Gender (in percent)



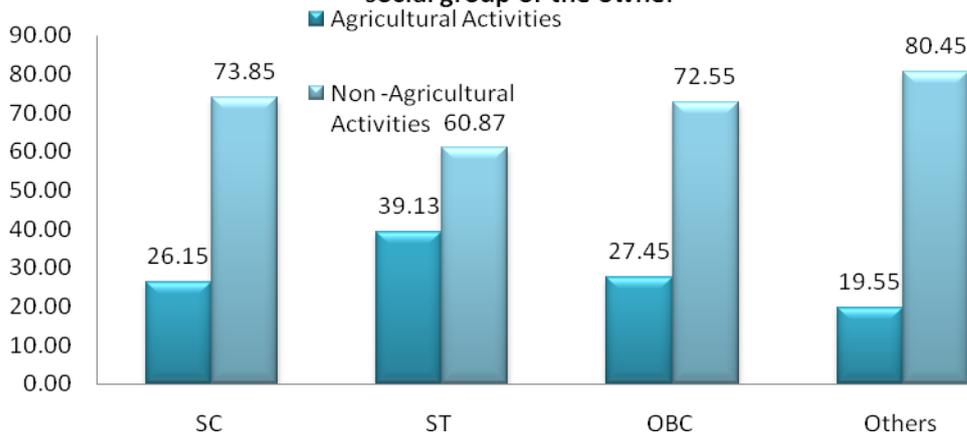
Source :Computed from, All India sixth Economic census report,2016.

Graph 4: Total number of establishments by type of ownership



Source: Computed from, All India sixth Economic census report, 2016.

Graph 5: Percentage distribution of proprietary establishments by social group of the owner

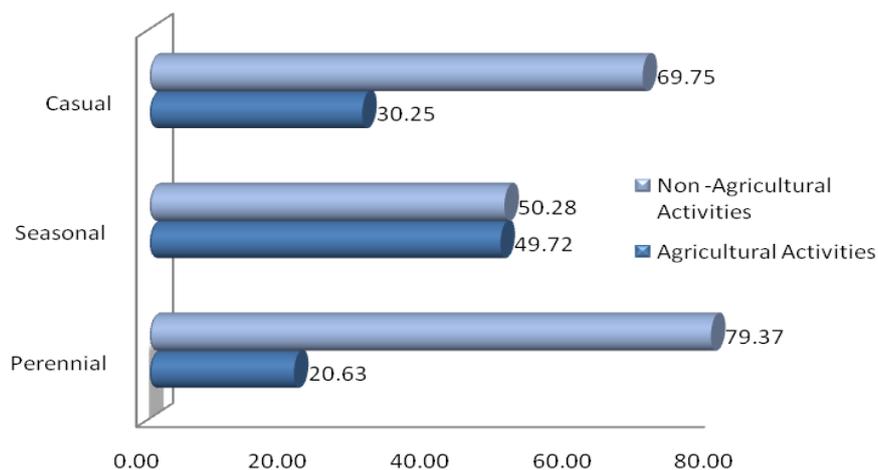


Source: computed from All India sixth Economic census report, 2016

Graph 6, reveals the establishment by sector (rural + urban) in percent. It is again clear from the graph that establishment in non-agricultural activity is much more than agricultural activity (as from previous graph 3, 4 and 5). About 79.4% of the workers work in perennial (continuing) establishments and 50.28% work in seasonal establishments and 69.75% work in

casual establishments in the non-agricultural activity, whereas the remaining work in agricultural activity. Also it can be noted that the remaining 50% of the seasonal worker do agricultural activities (agricultural activity is seasonal) and 20% and 30% of the agricultural activity is done by permanent and casual workers.

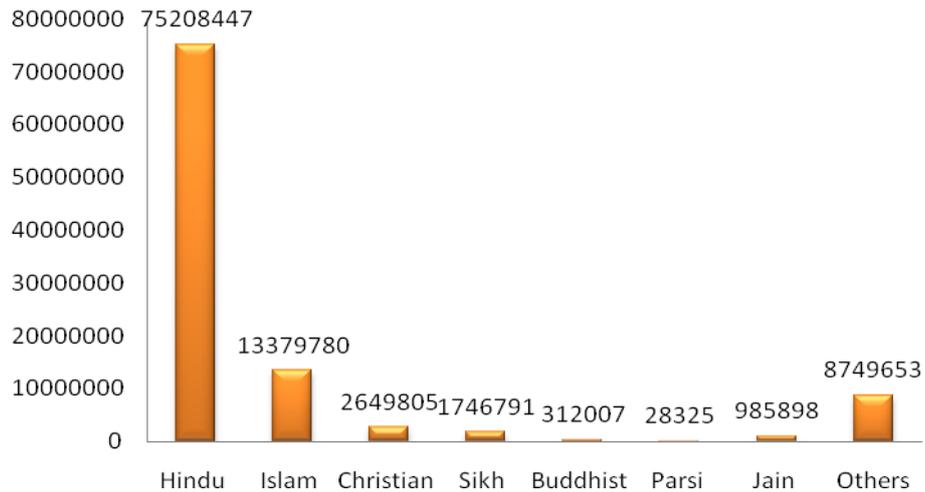
Graph 6 Establishments by Rural and Urban sector (in %)



Source: computed from All India sixth Economic census report, 2016

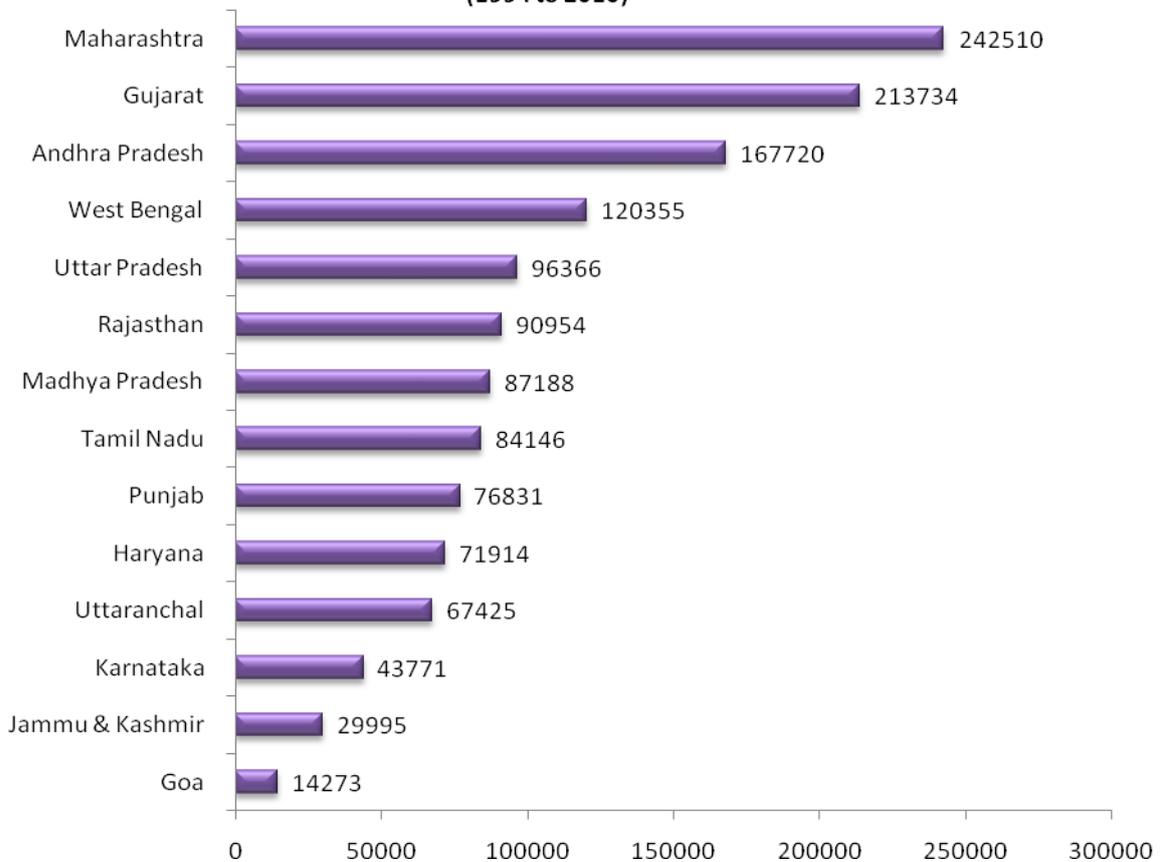
The number of persons employed in proprietary establishments by religion of the owner, is presented in graph 7. In India, Maximum number of owners are Hindus.

Graph 7: number of persons employed in proprietary establishments by religion of the owner



Source: computed from All India sixth Economic census report,2016

Graph 6: Top few States employment (in numbers) due to Entrepreneurs (1994 to 2010)



Source: Ministry of Commerce and Industry Department of Industrial Policy and Promotion.

The growth rate (%)of number of EM-II filed by the MSMEs at DICs under the various State/UT Commission rates/ Directorates of Industries during 2007-08 to 2014-15 is provided in table 3. The growth does not follow a constant trend, because of many reasons few entrepreneurs drop. Hence there is a fall in growth rate.

Table 3: growth rate (%)of number of EM-II filed by the MSMEs at DICs under the various State/UT Commission rates/ Directorates of Industries during 2007-08 to 2014-15

Sl.no.	year	Growth rate(%)
1	2007-08 to 2008-09	11.77

2	2008-09 to 2009-10	10.45
3	2009-10 to 2010-11	11.83
3	2010-11 to 2011-12	18.45
4	2011-12 to 2012-13	14.3
5	2012-13 to 2013-14	12.44
6	2013-14 to 2014-15	17.18

Source: - The State/UT Commissionerates/Directorates of Industries & MSME-Development Institutes, O/o DC (MSME), M/o MSME.

3. Conclusion

India is the 2nd largest population in the world and almost 70 percentage of the consumer belong to age group of 25 to 40. India is a perfect place for doing business, also it is a monopolistic markets which includes style, standard, consumer choice etc. Government motivates the entrepreneur with startup India, make in India etc., which helps for the growth of the individual as well as the economy. The Ministry of Skill Development and Entrepreneurship provides Entrepreneurship Awareness Program and Entrepreneurship Development Program through training and workshops to the new start-up that help the new entrepreneurs. As a result there can be better infrastructure, especially in technology, better access to finance,

rise of role models which in turn will enhance the economic development.

Hence, the paper calls for the following policy measures

- An entrepreneurial ecosystems must be allowed which includes policy makers, the private sector, educators and researchers.
- Reforms and procedures must be easier for new businesses to register and operate, with proper guidance
- educational institutions must prepare individuals with the skill sets to make use of entrepreneurial opportunities, which must be incorporated in their curriculum.
- entrepreneurship must be promoted among women and the youth in large scale.
- the workers and entrepreneurs belonging to weaker sections are facing problems, regarding collateral security and they are not getting due encouragement from banks. Hence, budgetary support should be considered (pg 151, LEM Report).

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