

# **A Study on Indian Entrepreneurship and their Challenges in India**

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## **Abstract**

Entrepreneurs are considered as an important catalyst for economic growth and development in India, as they contribute substantially in respect of employment generation and entrepreneurship has become an area of research over the past few years. This paper overviews the current status of entrepreneurs in our country. It discusses the challenges they face and offers solutions to overcome the barriers. The solutions include proper training, developing an entrepreneurial attitude in them, attributional augmenting, understanding their entrepreneurial motivation and removing the discriminating social customs imposed on them.

**Keywords:** Entrepreneurs, Challenges, Entrepreneurship.

## **Introduction**

Entrepreneurship, the concept is as old as the human race. Anything different and new is considered as enterprising in the common language of a layman. Such acts and results are connoted as enterprising acts. Therefore, in this sense all the fields and walks of life have the scope to receive enterprising efforts and such sustainable and unceasing efforts can come under the scope of the word Entrepreneurship.

## **The Entrepreneur**

Entrepreneur is a word taken from French language. Richard Cantillon, an Irish man living in France, was the first who introduced the word entrepreneur in his essay-, 'Essay on the Nature of Trade in General.' He defined it an individual who organizes or operates a business or businesses. (Brewer, Anthony (1992). Richard Cantillon: Pioneer of Economic Theory. Routledge. ISBN 978-0-415-07577-0).

According to Schumpeter, an entrepreneur is willing and able to convert a new idea or invention into a successful innovation. Entrepreneurship employs what Schumpeter called

"the gale of creative destruction" to replace in whole or in part inferior offerings across markets and industries, simultaneously creating new products and new business models.

Kibly points out the need for perception of marketing opportunities thereby gaining command over scarce resources and marketing skills to sell the products. He also writes extensively about dealing with public and handling bureaucratic hazards such as licensing system, taxes and other controls laid down by the govt.

Various authors have thrown light through their literature on who can be considered as an Entrepreneur.

The following are the characteristics of an entrepreneur presented by them which are an integral part and parcel of his personality.

1. Ability to convert new ideas into innovation with very high level of an urge.
2. Creative Destruction means replacing the other inferior things.
3. High orientation for the status.
4. Creative Personality to create his own autonomy for working as an independent decision making source available.
5. Very positive habit for facing the technical and non-technical problems by taking them head on.
6. Self-Study and Goal Setting coupled with High Sense of Responsibility are essential ingredient of his personality.
7. Research Orientation, in the sense that of analytical mindset about the future possibilities as regards to needs of the society, markets and technological changes etc.

## **Entrepreneurship**

The following literature describes the key points related to entrepreneurship

Theorists Frank Knight and, Peter Drucker defined entrepreneurship in terms of risk-taking. The entrepreneur is willing to put his or her career and financial security on the line and take risks in the name of an idea; spending time as well as capital on an uncertain venture.

According to Shane and Venkataraman, entrepreneurship comprises both- "enterprising individuals" and "entrepreneurial opportunities", and researchers should study the nature of the individuals who respond to these opportunities when others do not; the opportunities themselves and the nexus between individuals and opportunities.

Davidsson, (2004) suggests the phenomenon of entrepreneurship really consists of new entry.

Hisrich, Peters, & Shepherd (2007) write, “Entrepreneurship is creating something new with value; by devoting the necessary time and effort, assuming the 4 accompanying financial, psychic, and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence”.

Levine points out that entrepreneurship depends upon initiative, industriousness and foresight through self-reliance and achievement training.

From the above lines it appears that Entrepreneurship is mainly a matter of spirit of the entrepreneur; and its indicators are:

The spirit of putting to stake the career, capital and financial security to a venture where the result may be uncertain 2. Being optimistic about opportunities around him 3. Making oneself vulnerable to financial, psychological and social risk in pursuit of monetary gains and satisfaction.

## **Global Entrepreneurship Scenario**

Entrepreneurs contribute to economy in considerable way. Entrepreneurs are the backbone of economy as they create and render economic growth as well as foundation for the economic development which means creation of opportunities for further economic growth.

Therefore, the county’s scope of receiving such contribution is largely dependent on:

1. Perception of youth about entrepreneurship.
2. Attitude of Entrepreneurs, possession of skills and knowledge
3. Recognition of business opportunities.

Global Entrepreneurship Monitor (GEM) Report of 2013 throws light on above factors and shows that how those economies are driven and by factors and which other factors impact the entrepreneurship of the country.

## **Qualities of an Entrepreneur**

The entrepreneur needs number of qualities and the number may change increasingly as complexity of environment increases. However it is essential to catch them in a capsule form which should be common for a good comprehension of them. These qualities are common for both men and women entrepreneurs.

Seven Cs of communication are well known. On the same lines Ritika Bajaj, Founder of enterprise 'MeritC2-Creatives & Communications' & a guest author of the Business magazine 'The Next Woman' has spelled out 'The Seven C's of Entrepreneurship in her article dated 5th March 2015 & has nicely attempted to catch the meaning of an entrepreneur as under: It is difficult to adequately describe the profile of an ideal entrepreneur. Any idea of standardizing the qualities of entrepreneur would be futile, since the entrepreneurs will have to reconcile his personal qualities with the kind of environment around him and the situation in which he is required to develop himself. Nonetheless, a professional entrepreneur must possess minimum following attributes.

1. C for Courage
2. C for Connections
3. C for Collaborations
4. C for Communications
5. C for Creativity
6. C for Competitive Advantage
7. C for Client Satisfaction

## **Barriers to Entrepreneurship in Indian Context**

### **Entrepreneurial talent is abundant; a willingness to take risks isn't**

Gallup defines an entrepreneur as an individual who proactively seeks to generate value through expansion of economic activity and who creatively responds to challenges and needs encountered in the process of accomplishing this outcome. The term proactively seeks and creatively responds capture the talent approach to entrepreneurship, which identifies areas of strength and weakness relevant to the entrepreneurial potential of an individual.

Not every individual, even armed with training and reinforcement, can be a successful entrepreneur. Success comes more naturally to those who have inherent talent for the endeavor. Successful entrepreneurs are likely to be optimistic, goal-oriented, and persistent. When examining Indians' profiles using these criteria, the population appears to have an abundant reserve of entrepreneurial talent.

More than 60% of the Indian population possesses personality traits that are crucial for success as an entrepreneur -- such as business thinking (69%), optimism (66%), and persistence (65%) -- which suggests a wealth of entrepreneurial capacity. However,

willingness to take the risk of running a business is not a common trait among a majority of Indians. Perceived risks may include personal risk (emotional strain, the unpredictability of success), financial risk (loss of savings, no resources to fall back on), know-how risk (lack of adequate knowledge and skills), or vested interest risk (lack of fair and transparent regulations and effective law enforcement). Though reducing these risks depends heavily on contextual support, few Indian entrepreneurs can claim that they feel comfortable taking risks as a result of robust support from the government, the public, and the entrepreneur community.

## **Further they talk about the Scope in Future**

### **Significant room for improvement**

At a glance, you wouldn't think India has a problem. Entrepreneurs have consistently contributed to the country's vibrant growth-oriented economy since its economic liberalization in 1991. Entrepreneurship has become increasingly important in sustaining India's rapid growth.

Micro, small, and medium enterprises (MSMEs) also contribute to the country's inclusive growth and job creation. The Ministry of MSMEs estimates that between 2007 and 2010, the number of working MSMEs grew at a rate of 4.51% annually, while the number of people employed in the sector grew by 5.29% annually, and production of the sector grew at 11.48% annually. This sector contributed 8.72% of India's GDP in 2009. But as the Gallup study shows, there's significant room for improvement. Gallup's framework for entrepreneurial ecosystems stresses the mutual interplay between individual variables (for example, talent and attitude) and contextual variables (for example, the role of government and access to information). It explicitly captures the role of human motivations, perceptions, and behaviors in explaining entrepreneurial decision making as well as the external contextual factors that support entrepreneurship and individual entrepreneurial traits. Based on Gallup's research from March 2012, 16% of Indian adults report that they currently own a business. Of those, 22% say they formally registered their business. Half of business owners report working alone and 47% have hired five or fewer employees. Twelve percent of all business owners say they plan to hire more employees next year, and 55% say their number of employees will stay the same. Among Indian adults who are not business owners, 9% have thought about starting their own business. Of those, 5% plan to put their thoughts into action and start a business in the next 12 months. Clearly, India needs to minimize barriers and provide support

that will accelerate entrepreneurial growth and enable entrepreneurs to satisfy an existing demand, create jobs for people other than the business owner and his or her immediate family, and contribute to the growth of India's GDP.

### **Entrepreneurship and its Benefits**

The entrepreneurship contributes to the economy in number of ways. There are some direct and some Indirect Benefits which are as follows:

1. **Eternal Satisfaction** The entrepreneur himself gets the satisfaction of taking risk and managing it successfully. His achievement motive is very high and with a successful entrepreneurship this motive reaches complete fulfillment which gives him the eternal satisfaction which cannot be derived from any other source.
2. **Knowledge and Skill Development** The entrepreneur has to face many odds and constraints. In order to overcome them he keeps on updating himself and tries to learn different methods to improve his processes and skills which make him an expert in his field of Enterprise.
3. **Institutional Authority** During his journey, he acquires the expertise to the extent that new entrepreneurs and managers come to him for guidance and consultation which would make them professional.
4. **Employment Provision Satisfaction** Unemployment is a problem for almost all countries in the world. He provides the employment to one person by virtue of his enterprise which in fact takes the care of 3 to 5 persons in a family which provides him the satisfaction of discharging his social responsibility.
5. **Innovation Satisfaction** By natural instinct every individual human being possesses the urge for innovating something. The human race has progressed so far because of this instinct only. Need is the mother of Invention. The need comes from external factors and many times from inner factors also. Sir Isaac Newton's inner instinct gave birth to the Law of Gravitation. In case of Entrepreneurs to respond to external factors which come in terms of constraints, he has to think out of box. Such situations trigger the instinct of the entrepreneur which makes him innovative. Such innovations render him the satisfaction derived from the innovation which gives a separate mark and the credit which last long for him.
6. **Self-Actualization Satisfaction:** While struggling with constraints, his potential is brought up and gets disciplined. This process brings out the best out of him, which

takes him to the level of excellence which is recognized as self-actualization. This process takes him to reach to his mission & goals. The completion of the mission provides him the satisfaction of self-actualization.

7. **Social Status:** Recognition in society as a different personality is a necessity of each individual irrespective of the society and caste or creed etc. The entrepreneur gets this recognition and is regarded for his risk-taking ability and devoting himself fully to his achievements. This brings him a different kind of respect and honor amongst his relatives, peer group and different sections of society. No other profession or a job or service can give him this kind of satisfaction of achieving the status.
8. **Contribution to Economy** Entrepreneurs contribute in two ways because of his running of enterprise which is an economic activity. (a) The enterprise creates economic gains in terms of creation of goods and services which satisfy the need of individuals in the society or other manufacturing or service units. This creates exchange value which contributes to economy in terms of revenue generation which is a flow concept. Thus his efforts contribute to GDP of the economy (b) The other way contribution is to create suitable gains in terms of assets where the generated revenue is ploughed back in formation of the capital goods. Thus he contributes to economic development of the country.
9. **Freedom and Economic Pay off** Entrepreneurs possess such a passion, they are demanding and want to make their own decisions. Opportunity to take their own decisions is a kind of autonomy or freedom he obtains from his Independent Entity. Similarly, as compared to govt. service or a job in an organisation, his earnings are higher and can make him wealthy. Becoming wealthy is possible when he has ability and freedom to set his own goals for which he can work hard & earn as much as he needs.

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