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ENTREPRENEURSHIP PROBLEMS AND PROSPECTS IN INDIA

Mr. T. Maharaja¹, Mrs.G.Uma Maheswari², Mr.A.Venkata Siva Sai³
Professor¹, Associate Professor², Assistant Professor³, Department of M.B.A.
Audisankara College of Engineering and Technology (Autonomous)^{1,2,3},
Permanent Affiliation to JNTU- Anantapur^{1,2,3}, NH-5, Aravinda Nagar, Gudur-524101,
S.P.S.R.Nellore District, Andhra Pradesh, INDIA.^{1,2,3}

Abstract: This paper spots the problems and prospects for Indian Entrepreneurship in the present scenario. The article upholds list of problems, which has confined into appropriate feature of entrepreneurship across the country. It consists of brunt of productive, unproductive, and significant entrepreneurship to construct social value. It is observed that outlook of Indian entrepreneurs for developing themselves in right environment. Before the deployment of entrepreneurial resources, the government policy has to be reinforced so that the educational and financial institutions join hands to support the process of start ups. It is relevant to point out that the entrepreneur may not be aware of the existing forces of law of demand and supply that directly or indirectly affects consumers' behavior. The conceptual study of entrepreneurship and educating the potential entrepreneurs are essential to a country of economic well-being.

Keywords: Government, entrepreneurs, Entrepreneurship, Venture Capital, entrepreneur skills

I. Introduction

Entrepreneurship is the state of being an entrepreneur. Entrepreneurship starts when an individual thinks of becoming an entrepreneur. If the thinking is followed by a strong determination and action the process of entrepreneurship come into being. Besides, the individual should possess the required personal characteristics such as hard working, risk bearing, desire for high achievement, optimistic, independent, foresightedness, good organizer and innovator. Joseph Schumpeter introduced the modern definition of 'entrepreneurship' in 1934.

According to Schumpeter, "the carrying out of new combinations, we call 'enterprise'," and "the individuals whose function is to carry them out we call 'entrepreneurs'." Schumpeter tied entrepreneurship to the creation of five basic "new combinations" namely: introduction of a new product, introduction of a new method of production, opening of a new market, the conquest of a new source of supply and carrying out of a new organization of industry.

Peter Drucker defined that 'entrepreneurship' is a practice. What this means is that entrepreneurship is not a state of being or it is characterized by making plans that are not acted upon. Entrepreneurship begins with action and creation of new organization.

There are four factors by which the entrepreneurship could flourish.

- It is by creating the right environment for the entrepreneurs to Succeed.
- To ensure that entrepreneurs have access to enhance their skill rightly.
- The entrepreneurs must have easy access to funds.
- The entrepreneurs must facilitate networking and exchange to connect their business.

In general, the pursuit of entrepreneurship may be confined into three areas:

- (1) Ways to reduce unnecessary risks, both in the short-term and in the long-term;
- (2) Managing the changing requirements of their organizations as their venture grows and matures gradually; and
- (3) Considering cultural trends that offer new opportunities for entrepreneurial innovation.

In other words, the problems of both men and women entrepreneurs are the same of the existing business owners in financial and technical terms. But, the women entrepreneurs have certain internal and external hindrances biologically. With all these perquisites, the problems faced by the individuals are useful to understand completely the concept of entrepreneurship. However, the nature of entrepreneurship often puts a pull and push on these needs.

II. Entrepreneurship Is The Only Solution For Devastating Unemployment

The current economic scenario is challenging which pulls everyone into a race. In this world of economy, everybody is forced to join and fight an indirect economic war against the rest leading to the survival of the fittest of the competent ones at last. Losers are the cursed and suffer like worms. Those who have money can invest and earn more of it or get a suitable employment to acquire a powerful position and earn huge money. In India, out of more than 1.2 crores of undergraduates and post graduates passing out from colleges and

universities every year, hardly one sixth of them get permanent employment in Government, MNCs, Corporate, jobs abroad and other business concerns. The number of unemployed students is alarmingly increasing every year. The rate of job creations is not proportionate to the unemployed and passing out students every year. This is like musical chair. The selected can have chairs. The rest of the students should stagnate and perish. They wait in despair endlessly. The rate of unemployment multiplies every year accumulating unemployed students to an extent of 10 crores every decade in the pool of unemployed youth. Entrepreneurship is the only solution for devastating unemployment.

III. India A Fertile Ground For Entrepreneurs

An estimate of McKinsey & Company and Nasscom reveal that India needs at least 8,000 new businesses to achieve its target of building a USD 87 billion IT sector by 2020. Likewise, 1.3 crore Indian citizens will be searching for jobs, including 1 crore looking for their first jobs in the next 10 years. This excludes indirect employment of over 50% among the 2.3 crores employed in rural India. As the government and the other private organization employers may find it difficult to improve the level of employment in future, it is entrepreneurs who can create new jobs and opportunities.

Today's knowledge based economy is fertile ground for entrepreneurs, in India. It is rightly believed that India has an extraordinary talent pool which provides limitless potential to become entrepreneurs. So, this is the right time to create a right environment and develop successful entrepreneurs.

IV. Entrepreneurship Problems

One can address the problems faced by the entrepreneurs even though some of them are apparent and many of them are latent. These problems are mostly common to women entrepreneurs also.

A. Picking up the right business

How to decide about a business idea whether it is good or not? It needs experience and some reasoning to decide about the business idea. For example, building a Google search engine was a good idea in 1990s. But, 99.99% of the population could not execute that idea to the level of quality that would have been required.

The first thing an entrepreneur should do to start an enterprise is to select a line of business by choosing the right product. He should have the product knowledge and idea. He must be capable developing a product concept which may be a cumbersome task and a winning formula to succeed in the proposed business plans. A business idea must be suitable to the entrepreneur to match with his abilities, interests, passion, education, access to finance, etc.

B. Skill gaps of entrepreneur

In a survey conducted by McKinsey & Company last year, it was revealed that most Indian start-up businesses face two skill gaps: entrepreneurial (how to manage business risks, build a team, identify and get funding) and functional (product development know-how, marketing skills, etc.).

The curriculum at universities should be integrated with changing needs of business and entrepreneurship, particularly in emerging market innovations and opportunities through building 'centers for entrepreneurial excellence' in their institutes which will actively assist entrepreneurs.

C. Insufficient venture capital

Indian entrepreneurs have had little access to capital. Providing capital as well as critical knowledge and access to potential partners, suppliers, and clients across the globe are vital. Associations such as TIE are seeking to bridge the gap by creating a TIE India Angel Forum. This is their third Indian initiative to support the global network of young entrepreneurs. However, India has only a few angel investors who support the idea in the early stages before venture capitals become involved. Many budding businesses face capital mobilization problems which even lead to closure of the business. Moreover, the insufficient cash flow in the business fuels the problems.

The Jumpstarting the business startups have solved some of the problems of small business finance by opening the door for private investors through angel financing and crowd funding.

D. Unable to market their products

While a small business startup may have a unique product with potentially significant market appeal, an entrepreneur has no clue if the timing is right to introduce a new product or if the market is large enough to support the business. Without a clear understanding of the market, the entrepreneur may spend too much to acquire new customers more than the customer generates, then the firm cannot earn a profit.

Entrepreneurs should adopt a marketing strategy which is refined, savvy, and more optional. The business must go with a suitable marketing plan to match with its requirements. In this context, understanding the target consumers of the business and formulating the marketing strategy and implement them through social media will also be more beneficial.

E. Dealing with competition

John D. Rockefeller famously said "*Competition is a sin*" and I'd have to agree. Why bother competing when you can be an innovator and start something new? Three years ago there was nothing like Bold and Determined and that's still true today. Even though I have dozens of copycats (maybe hundreds) nobody can compare.

F. Rural entrepreneurs

There are only a few skilled work forces in rural areas. The National Skill Development Corporation (NSDC) since its inception has so far put a little effort towards these skill development activities. For instance, in many states more than 70 per cent of faculty positions are vacant in government polytechnics and not filled.

The enterprise registering process and various other procedures are under corrupt practices which discourages many start-up entrepreneurs to withdraw their proposals starting new businesses and give up. This kind of environment must be changed so as to facilitate the rural entrepreneurs to start their venture confidently.

V. Prospects of Entrepreneurship

Both the Central and State Governments have been showing increased interest in promoting the concept of entrepreneurship. Every individual who wants to start new business will be provided with the opportunity and support by both the governments. The continued encouragement and support for entrepreneurship by the central and state governments will be a good decision which can create jobs and improve the economic development of the region. Every state government should develop its own innovative promotional strategies to foster entrepreneurship and provide them with their own state-sponsored venture funds.

There has been a steady increase in the participation of women in small business indicating immense potential for entrepreneurial development among them. From the point of view of performance, it was observed that the women enterprises in India have made significant contribution towards generation of employment, gross output, asset creation and exports. Women entrepreneurship should be encouraged by giving importance to their participation in small and medium segments with an integrated approach of Indian Government, financial institutions, voluntary agencies and educational institutions. Women entrepreneurs may succeed through the world of e-commerce to augment their business and markets in India.

A. Policy Initiatives

Government of India has framed the policy to develop MSMEs in general. In a broad sense, the central government has implemented the MSME Development Act 2006 which has already come into effect. There are certain provisions made in the policy to earmark particular products exclusively for the MSMEs. At present, more than 20 items have been reserved for these sectors. However, depending on the factors such as economies of scale, level of employment, mobilization of funds, and other factors the policy may be modified. The govt. has also introduced National Manufacturing Competitiveness Programme (NMCP) to enhance the competitiveness of this sector.

B. Role of the Ministry of MSME

The Ministry of MSME has primarily set an agenda to support various states and Union Territories in order to promote the overall growth and development of MSME. To train the entrepreneurs and develop them with various skills, there are three important institutions namely, National Institute of MSME, Hyderabad, National Institute of Entrepreneurship and Small Business Development (NISESBUD, Noida and Indian Institute of Entrepreneurship (IIE), Guwahati and NISC, Delhi.

C. Prime Minister's Employment Generation Programme (PMEGP)

PMEGP launched in 2008-09 also promotes the entrepreneurship in every way. Bank finance in the form of loan to a tune of 95% of the project cost will be offered to the prospective entrepreneurs.

D. Women entrepreneurs

The Ministry of Women and Child Development of Government of India works for the promotion and development of women entrepreneurs. It has launched 22 the National Mission for Empowerment of Women (NMEW) in March, 2010. The mission has the network of various State Mission Authority (SMAs) at state level. Besides that there are many schemes of the ministry which can complement the process of development of women entrepreneurship.

VI. Conclusion

This multiplying unemployment problem is the root cause of all economic and social evils which is neither unfelt by any segment nor taken any serious step to eradicate unemployment. Unless the state and central governments deal this devastating unemployment problem seriously as if the declaration of a war situation or an emergency, this unemployment problem cannot be uprooted.

The concept of entrepreneurship must be recognized in our society. Necessary support and motivation should be provided to the entrepreneurs. The media can play a wonderful and constructive role in bringing the entrepreneurial spirit and confidence in our country. The retired officials and managers may be involved in the process of developing entrepreneurs in finding the right products and services in the foreign and domestic markets, in the process of production and marketing, mobilizing funds, etc.,

The present economic stagnation in India is only due to the unemployment problem which chokes the progress of our country and shatters the whole economic stability and development. It can be easily predicted that if this unemployment problem prevails further for a decade from now, it will negate our country's economic performance and no one can save India from sinking.

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