

"PROBLEMS AND PROSPECTS FOR INDIAN ENTREPRENEURSHIP IN THE CURRENT GLOBE ERA"

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Abstract

This paper identifies the problems and prospects for Indian Entrepreneurship in the existing scenario. It includes impact of productive, unproductive, and critical entrepreneurship on social value creation. The paper constructs list of problems that captures the contextual feature of entrepreneurship across countries. It is seen that Vista for India entrepreneurs for developing themselves in right environment. It is pertinent to point out that the entrepreneur may not be conscious of the existing forces of law of demand and supply that directly or indirectly affects consumers' behavior. Implications for government policy suggest that institutions such as Education and Financial need to be strengthened before entrepreneurial resource can be fully deployed. The study of entrepreneurship and education of potential entrepreneurs are essential parts of any attempt to strengthen this link so essential to a country's economic well-being.

Keywords: entrepreneurship; pertinent, Vista, contextual

Introduction

"The stuff that's been done in India is staggering in terms of range and depth. I don't think that anyone can say that the work we're doing is trivial. But the work we're doing is under somebody else's direction. Let me put it this way: For an engineer, there's a big difference between discovering something, versus discovering something that you know somebody else says can be done. That difference is the difference between the service business and the products business. In the service business, what you're doing is great stuff, but it is in some sense something that someone else told you to do. "

Vivek paul, former CEO Wipro

According to Sharma and Chrisman's definition of entrepreneurs; "Entrepreneurs are individual acting independently or as part of an organization, who create a new venture or develop an innovation and take risks entering them into the market place". The quoted words express some of the characteristics

properties, which make the difference between successful and unproductive entrepreneurs.

The performance of entrepreneurship activities combines three major sets of practices.

- The start with a proposal and which should be innovative innovation.
- The ability to take rational risk.
- The user of business/managerial ability that ensures achievement.
- In ultimate objective of every individual whether educated or not is to be his/her own boss and employ other. The turnover motives as well as the attendant physiological achievement associated with successful entrepreneurs are the dynamic force to be an entrepreneur. So as to achieve desire goals and objectives an entrepreneur must try as much as possible overcome the above problems.

Historic Review of Entrepreneurship

Entrepreneurship has been debated among scholars, educators, researchers, and policy makers since the concept was first established in the early 1700's. The term "entrepreneurship" comes from the French verb "entreprendre" and the German word "unternehmen", both means to "undertake". Bygrave and Hofer in 1891 defined the entrepreneurial process as 'involving all the functions, activities, and actions associated with perceiving of opportunities and creation of organizations to pursue them'. 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 it 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 proposed that 'entrepreneurship' is a practice. What this means is that entrepreneurship is not a state of being nor is it characterized by making planes that are not acted upon. Entrepreneurship begins with action, creation of new organization. This organization may or may not become self-sustaining and in fact, may never earn significant revenues. But, when individuals create a new organization, they have entered the entrepreneurship paradigm.

Review of Literature

Certainly, it is within the nature of the allegory 'entrepreneurship' that such creativity and development should be anticipated. As such, the research in the entrepreneurship field needs to develop a better understanding of the important relationship between innovation, entrepreneurial activities, and economic development (Acs & Storey, 2004; Acs & Szerb, 2007; Carlsson, Acs, Audretsch, & Braunerhjelm, 2009; Reynolds, 1997; Reynolds, Carter, Gartner, & Greene, 2004; Stough, Haynes, & Campbell, 1998).

Some of these new fields of entrepreneurship research and practice are to a large extent driven by e-globalization processes which are facilitated by new information technology tools (Etemad & Lee, 2003). Social entrepreneurship, focusing on non-profit entrepreneurial activities, is a new area which is currently attracting more research (Corner & Ho, 2010). Other, developing perspectives include academic entrepreneurship (Klofsten & Jones-Evans, 2000), women entrepreneurship (cf. Kyro & Hyrsky, 2008; Thompson & Jones-Evans, 2009), as well as ethnic entrepreneurship, the latter focusing on the role of immigrants as entrepreneurs in their new home countries (cf. Clark & Drinkwater, 2010; Smallbone, Kitching, & Athaya, 2010).

Support in Economic Stability

The British economist of the International Theory for the International business economists such as Adam Smith, David Ricardo, and John Stuart Mill in brief touched upon the concept of entrepreneurship, though they referred to it under the broad English term "business management". Whereas the writings of Smith and Ricardo propose that they undervalued the importance of entrepreneurship, Mill goes out of his way to stress the significance of entrepreneurship for economic growth. In his writings, Mill claims that entrepreneurship requires 'no ordinary skill', and he laments the fact that there is no good English corresponding word to include the specific meaning

of the French term 'entrepreneur'.

The inevitability of entrepreneurship for production was first formally predictable by Alfred Marshall in 1890. In his famous treatise *Principles of Economics*, Marshall asserts that there are four factors of production: land, labour, capital and organization. Organization is the coordinating factor, which brings the other factors together, and Marshall believed that entrepreneurship is driving element behind organization. By creatively organizing, entrepreneurs create new commodities or improve "the plan of producing an old commodity". In order to do this, Marshall believed that entrepreneurs must have a thorough understanding about their industries, and they must be natural leaders. Additionally, Marshall's entrepreneurs must have the ability to foresee changes in supply and demand and be willing to act on such risky forecasts in the absence of complete information.

Though the idea that entrepreneurs are innovators is largely satisfactory, it can be difficult to apply this theory of entrepreneurship to less developed countries (LDCs). Frequently in LDCs, entrepreneurs are not truly innovators in the traditional sense of the word because of the less external environmental support. Entrepreneurs in LDCs rarely produce brand new products: rather they imitate the products and production processes that have been invented elsewhere in the world (typically in developed countries). This process, which occurs in developed countries as well, is called "creative simulated". Creative imitation takes place when the imitators better understand how an innovation can be applied, used, or sold in their particular market slot (namely their own countries) than do the people who actually created or discovered the original innovation. Thus, the innovation process in LDCs is often that of imitating and adapting, instead of traditional conception of new product or process discovery and development.

By combining the above thoughts it can be indiscriminate that entrepreneurs are risk-bearers, coordinators and organizers, gap fillers, leaders, and innovators or creative imitators. Thus, by heartening these qualities and abilities, governments can theoretically alter their country's supply of domestic entrepreneurship.

Assortment of Entrepreneurship.

Only two types of Entrepreneurship

1. Opportunity-based entrepreneurship- an entrepreneur perceives a business opportunity and chooses to track this as an active career choice.

2. Necessity-based entrepreneurship- an entrepreneur is left with no other practicable option to earn a living. It is not the choice but compulsion, which makes him/her, choose entrepreneurship as a career.

Crafting New Entrepreneurship

Entrepreneurs construct companies that are particularly crafted to develop a particular opportunity. This gives them and led over older companies that were designed in response to challenges of the past and must change to adapt to today's requirements. Entrepreneurs can build new companies. They can also invigorate existing companies via buyouts and turnarounds. They can also build new companies inside existing companies, which can be called corporate entrepreneurship.

The will to smudge opportunities and take risks in order to realize them is part of a person's overall makeup, which is partly innate and partly a product of his upbringing. The best way to learn how to be an entrepreneur is to work at the side of a successful one. The problem is that entrepreneurs are understandably reluctant to hire those who cannot help them immediately. It appears that the best way to learn this is to work for a startup which offers more opportunities to learn Entrepreneurial skills. Risk-taking and opportunism go along with thrift. Really good entrepreneurs squeeze as much as possible out of limited amounts of cash. They leverage the money of others, and never invent the wheel when a good, cheap one is available in the souk. By keeping the rate at which they burn cash low, entrepreneurs can try a lot of ideas, most of which do not work, without losing because they ran out of money before they hit upon a workable value scheme.

Today's comprehension based economy is fertile ground for entrepreneurs, in India. It is rightly believed that India has an astonishing talent pool with virtually limitless potential to become entrepreneurs. It is so difficult to start a new venture in India. According to World Bank's recent report India is at no. 120th position in ease of starting a new venture among 178 countries. While Singapore is at no. 1 position. This shows it is not easy to start a new venture in India.

In India entrepreneur has to fulfill more than 150 requirements to start a new venture e.g. PAN registration, clearance from local bodies, clearance from pollution control board etc.

The average time to fulfill all above requirements is 45 days in India, while in Australia its 2 days and in Singapore 5 days. This is the reason why India is at

no 120th position.

So we can say that Legal Procedure is the main problem for starting a new venture in India. Apart from Legal Procedure new entrepreneur is facing lots of problem they are as follows.

Financial problems:-

Finance is the back bone of any venture. Finance plays an important role in starting new venture. Because finance is required for seed capital as well as working capital. New entrepreneurs are facing many problems in availing finance from outside. Outsiders like Banks and Financial Institutions demanding for documents, data and information from new entrepreneurs. But new entrepreneurs are not in a position to provide above documents, data and information. The reason is that they are new and don't have previous track record and property to mortgage. As these entrepreneurs are new, others are not ready to give guarantee. Due to Inadequate margin money new entrepreneurs cannot demand for a loan from banks and financial institutions.

Due to high interest rates of non banking sector, new entrepreneurs don't want to raise capital from them. So due to above reasons entrepreneurs are facing financial problems. Inflation is an economic condition characterized by a general and continuous rise in the price level coupled with a fall in the value of money. Hence inflation is economically harmful to suppliers because of unstable quoted market prices.

Capital is relatively inadequate to finance entrepreneurial business transactions in Nigeria. The initial capital for the take-off of the business may not be adequate or it may be non-existent. Due to lack of funds acquisition of entrepreneurial/managerial skills is not yardstick or prerequisite for establishing a small-scale business.

Marketing problems:-

Due to non availability of finance new entrepreneurs cannot spend more on marketing activity. Goods produced by new entrepreneur must be sold in a market he cannot afford huge inventory at initial stages. So he has to spend more in marketing activity, but.

If new entrepreneurs cannot sell goods in market, he has to sell same to large enterprise at low price. Due to this he has to suffer a lot. Large enterprise can sale the same goods at higher price with the help of marketing activity.

Due to lack of knowledge about the market many entrepreneurs are facing problems. Many new entrepreneurs don't know about the market size. Until

unless entrepreneur don't know the size of the market he cannot enter in the market.

Now a day many first generation entrepreneurs are from technical field, they don't have the knowledge about marketing activity like market survey, distribution, sales promotion and advertising etc. Because of lack of knowledge about the marketing activity, they cannot enter into market.

Many entrepreneurs are not aware about competition in the market. This shows that they don't know the strength and weakness of the competitors well in the market. Due to non availability of finance entrepreneurs' cannot produce a better quality product. If the quality of the product is not good or not up to mark, the product cannot be in demand.

Technological Problem:-

Traditional technology is used in various small scale units in India. Traditional technology is time consuming and it requires more manpower too. Because of traditional technology the productivity rate is low in small scale units in India. The another problem with traditional technology is that it can produce a quality which is the demand of the hour. Due to traditional technology the cost of production is also high as compare to latest technology shortage of raw material is also a technological problem in India. In India many types of raw material are scare like steel, coal, oil etc... Due to scarcity of above raw material the manufacturing process in affected and the result is that the capacity of SSI is underutilized. A new entrepreneur who is from non technical field is not aware about the traditional and new technology. So he doesn't know about the manufacturing process. If he doesn't know the manufacturing process he cannot produce a better quality product.

Many SSI entrepreneurs in India are not giving lead in Research and Development (R&D) . Though traditional technology is used in India with the help of R & D, entrepreneur can improve the quality of his product. Due to heavy collaborator's fees for technical know-how, entrepreneur cannot think of technical know-how for the improvement of technology.

Human Resource Problems:- It is so difficult to get skilled workers in India. The reasons are illiteracy, non availability of technical education etc. In manufacturing unit skilled workers are heavily in demand. In India due frequent changes in labor law, labors are fully aware of their rights. So it is difficult to handle them.

Trade unions are creating various problems, because

they want to protect their vested interest. The involvement of Politicians for the purpose of settlement of a dispute between labor and employees by working against the interest of both. This does not encourage an investor to invest in the economy even if he has invested, he might decide to fold up due to the prevailing hostile economic climate.

In General Sense:

1. The collation and analysis of relatively dependable, reliable and authentic data that may facilitate and enhance forecasting and planning. It is pertinent to point out that the entrepreneur may not be conscious of the existing forces of law of demand and supply that directly or indirectly affects consumers' behavior.
2. Inadequate of infrastructural facilities which may impede or hinder the development of entrepreneurial activities.
3. To aid in embarking on small-scale business by providing free consultancy services and making available soft loans. Hence Inadequate of Government support or motivation for the New Entrepreneurship.
4. At the commencement may pose and staggering task for new entrepreneurs because of lack of experience in small-scale business transaction and management.

Vista for India entrepreneurs for developing themselves in right environment.

1. **Construct the Right Environment for Success:** A major confront for India is to create a handful of areas of excellence- the breeding ground where ideas grow into businesses. One way of strengthening these areas is to consider the role of universities and educational institutions- places where excellence typically thrives.
2. **To make certain that Entrepreneurs have access to the Right Skill:** A survey conducted by McKinsey & Company last year exposed that most Indian start-up businesses face two skill gaps: entrepreneurial (how to manage business risks, build a team, identify an get funding) and functional (product development know-how, marketing skills, etc.) India can move toward ensuring that the prospectus at universities is modified to address today's changing business landscape, particularly in emerging markets, and to build 'centers of entrepreneurial excellence' in institutes that will actively assist entrepreneurs. Support from the Universities in providing adequate

information about the required skill for the Entrepreneurship.

3. 'Smart Capital' support: Indian entrepreneurs have had little access to capital. It is true that in the last few years, several Venture Funds have entered the Indian Market. And, while the sector is still in immaturity in India. VCs are providing capital as well as critical knowledge and access to potential partners, suppliers, and clients across the globe.
4. Facilitate Networking and Exchange: Entrepreneurs learn from experience-theirs and that of others. The rapid pace of globalization and fast growth of Asian economies present tremendous opportunities and challenges for India. In the course of planning and focus, India can hope to create a pool of entrepreneurs who will be the regions -and the world's-leaders of tomorrow.
5. Both the Central Government and various State Governments are taking increased interest in promoting the development of entrepreneurship. Individuals are being confident to form new businesses and are being provided such government support as tax incentives, buildings, roads, and a communication system to smooth the progress of this creation process. The support by the central and state governments should continue in future as more lawmakers are realizing that new enterprises create jobs and increase the economic output of the region. Every state government should develop its own innovative industrial strategies for fostering entrepreneurial activity and timely development of the technology of the area. The states should have their own state-sponsored venture funds, where a percentage of the funds has to invested in the ventures in the states.

Society's support of entrepreneurship should also continue. This support is critical in providing both motivation and public support. A major factor in the development of this societal approval is the media. The media should play a powerful and constructive role by reporting on the general entrepreneurial spirit in the country highlighting specific success cases of this spirit in operation.

Finally, large companies should show an interest in their particular form of entrepreneurship-entrepreneurship-in the future. These companies will be increasingly interested in capitalizing on their Research & Development in the hyper competitive

business environment today.

Conclusion

There are both pushing and pulling influences energetic in the decision to leave a present profession: the "push" of job discontent or even layoff, and the "pull" toward entrepreneurship of seeing an unfilled need in the market place. The desirability of starting one's own company is strongly influenced by culture, sub-culture, family, teachers, and peers. Any of these influences can function as a source of encouragement for entrepreneurship, with support ranging from government support that favour business to strong personal role models of family or friends, Beyond the stage of seeing entrepreneurship as a "a good idea", the potential entrepreneur must possess or acquire the necessary education, management skills, and financial resources for launching the venture.

The study of entrepreneurship has relevance today, not only because it helps entrepreneurs better fulfill their personal needs but because of the economic involvement of the new ventures. It contributes 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. Although government gives great support to basic and applied research, it has to great success in translating the technological innovations to products or services. Although entrepreneurship offers a promise of marriage of those research capabilities and business skills that one expects from a large corporation, the results have not been spectacular. This leaves the entrepreneur, who frequently lacks both technical and business skills, to serve as the major link in the process of innovation development, and economic growth and revitalization. The study of entrepreneurship and education of potential entrepreneurs are essential parts of any attempt to strengthen this link so essential to a country's economic well-being.

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