Entrepreneurship Development in Globalized Economy

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ENTREPRENEURSHIP DEVELOPMENT IN A GLOBALIZED ECONOMY

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ABSTRACT

Entrepreneurship plays a significant role in economic growth of the country. An entrepreneur eco-system is necessary for economic development. This paper focuses different approaches which promote entrepreneurship development due to globalization. It also through a light on various methods increasing entrepreneurship in India.

Keywords

Entrepreneur Eco-system, start-up, self help groups, Incubators.

Globalization refers to essentially both a higher level and free movement of investment, goods and services, technology, capital and to lesser extent of human resources across national boundaries. Globalization has intensified competition in most global markets and industrial competitiveness is a key to industrial survival and success.

The participation of developing countries in the globalization process can enable them to better utilize their comparative advantages, introduce advance technologies and foreign capital.

Effects of Globalization

Globalization has done various changes which may be useful in context of
Entrepreneurship Development.

CORPORATION CHANGES

Globalization has increased the trend of Multi-National companies in all over the world, before the globalization phase USA was dominated in MNCs but after expansion of globalization trend many different nations entered in the race of MNCs.

TECHNOLOGICAL CHANGES

By the development of technological such as Telecommunications, internet, telephones, wireless, a global technological infrastructure has been developed which provide a suitable place for new entrepreneurship.

INDUSTRIAL EFFECTS

Globalization has affected the industrial sector of the world, Now in this era the focus of industries is to produce foreign commodities to facilitate the consumers in all over the world. Small businessman can compete globally through the internet.

ENTREPRENEURS IN ENTREPRENEURSHIP SCARCE ECONOMIES

The gap in supply of entrepreneur class need to be targeted, particularly in developing countries in the context of developing entrepreneurship in manufacturing and value added activities. While there are several approaches in vogue to generate the supply of entrepreneurs and facilitate start-up in India.
1. **EDP Training Approach**

   The Entrepreneurship Development Programmes (EDPs) are focused on improving entrepreneurial skills and developing industry specific skills in areas such as Electronics, electrical, food processing, etc. to develop and enhance the skill of entrepreneurs.

2. **INTERVENTIONS TO GENERATE ENTREPRENEURS**

   There is a need to evolve a result oriented Entrepreneurship Development strategy—particularly in the labour intensive Micro, small and medium interpret development perspective.

3. **INCUBATION FACILITY APPROACH**

   Incubation centers are being established across several countries and sectors in the world. These centers serve to minimize start-up investment implication. The Chinese business incubators are relatively more successful in terms of capacity, utilization, sustainable operation etc because they focus on assisting existing enterprises—incubate new ideas, products and processes, rather than incubate raw entrepreneurs and their idea.

4. **Mentoring Approach**

   Provision of mentoring services to facilitate start-up and teething is pursued by some organization. The approach involves provision of voluntary mentoring services by members of business chambers associations to new entrepreneurs.
An ideal approach in context of above approach may be as follows:-

- Intensive EDP training inputs on business plan preparation and successful enterprise management need to be offered.

- Appropriate Credit linkages need also be facilitated. Market linkages between large farms and start ups.

- Mentoring and counseling support in the start-up is useful.

- Serious candidates should be selected as a potential entrepreneurs.

**ENTREPRENEURSHIP IN INDIA**

Entrepreneurship in India has been confined to being own account workers with one or more helpers and did not expand in size beyond that. As per the Fifth Economic Census 2005, 95 percent of establishments were engaging not more than 5 workers and they accounted for almost 64 percent of the employments.
DISTRIBUTION OF ESTABLISHMENTS BY SIZE CLASS OF EMPLOYMENT

(In Percent)

<table>
<thead>
<tr>
<th>Size by class of Employment</th>
<th>Items</th>
<th>1990</th>
<th>1998</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>Establishments</td>
<td>93.4%</td>
<td>94.0</td>
<td>95.1</td>
</tr>
<tr>
<td></td>
<td>Person usually working</td>
<td>54.5</td>
<td>58.6</td>
<td>64.2</td>
</tr>
<tr>
<td>6-9</td>
<td>Establishments</td>
<td>3.5</td>
<td>3.3</td>
<td>3.4</td>
</tr>
<tr>
<td></td>
<td>Persons usually working</td>
<td>8.4</td>
<td>8.3</td>
<td>10.2</td>
</tr>
<tr>
<td>10 &amp; above</td>
<td>Establishments</td>
<td>3.1</td>
<td>2.8</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>Persons usually working</td>
<td>37.1</td>
<td>33.1</td>
<td>25.5</td>
</tr>
</tbody>
</table>

(Economic Census 2005-AIR)

ENTREPRENEURSHIP DEVELOPMENT IN INDIA

Before Independence Entrepreneurship was traditionally less organized based on caste and economic systems unique to India. Entrepreneurship in the modern sense in India began in 18 century. After independence, a systematic approach to develop entrepreneurs was adopted through Five year Plans and subsequent annual plan of the Union and State Govts.
The National Institute of Small Industries Training (NISET) was set up in the year 1960 on the recommendation of the working Group on the third five year Plan for small scale Industries. Later, the Ford Foundation supported the institute’s activities through grant. NISET has developed the first Entrepreneurship Development Programme (EDP) model to develop first generation Entrepreneurs.

During the 1970s various strategies and models were developed and tested for cultivating entrepreneurship in various parts of the country. Many Institutions adopted the EDP strategy for creating MSMEs during the 1970 and 1980. Gujrat State established the first Centre of Entrepreneurship Development in Ahmedabad, which conducted a number of EDPs to attract first-generation entrepreneurs.

India is a young country having more than 45% of its population in the age group of 20-35 years of age. In order to ensure that this large work pool is productive and contributes effectively to the growth of the Indian economy should be undertaken on priority basis. Almost 48 percent of the workforce is engaged in agriculture while contribution of agriculture to GDP is not more than 16 percent. In terms of status of employment 52 percent of the workforce is self-employed as own-account workers 30 percent as casual workers while around 18 percent have regular jobs. This has resulted in more than 90 percent of the workforce engaged in informal jobs and slowing down the structural transition from farm to the non-farm section. So Entrepreneurship Development is essential as an entrepreneur would be in a position to create more jobs.

ENTREPRENUERSHIP DEVELOPMENT INITIATIVES AND PROGRAMMES IN INDIA

To promote self-employment as a means of job-creation and to promote-
entrepreneurship for further job creation, the Micro, small and medium Enterprises (MSME) Act, 2006 was enacted to facilitate the promotion, development micro, small and medium enterprises.

The Govt. has over time implemented policies for the promotion of the small industries which included providing concessional credit, training in entrepreneurship development, marketing assistance etc, Govt. of India is implementing the entrepreneurship development and skill upgradation schemes through appropriate training facilities.

(I) EFFORTS FOR ENHANCING ENTREPRENEURSHIP DEVELOPMENT PROGRAMME (EDPS)

Entrepreneurship Development Programmes are being organized to nurture the talent of youth by enlightening them on various aspects of industrial activity required for setting up industries, the Course contents of the EDP are designed to provide useful manufacturing practices. Involved, testing and quality control. The programmes governed the following.

- Industrial motivation Campaigns (IMCs)
- Management Development Programmes (MDPs)

The Entrepreneurship development movement was accelerated during the 1990s through the efforts of different organisations. The success rate of EDPs varies from 15% to 50% as claimed many organizations.

(II) SUPPORT FOR ENTREPRENEURIAL AND MANAGERIAL DEVELOPMENT OF SME THROUGH INCUBATION
Under this scheme Govt. of India is providing opportunity to the innovators in developing and nurturing their new innovative ideas for the production of new innovative products which can be forwarded to the market to commercialization. During 2015-16 total 145 ideas have been approved and is 6.22 crore released.

(III) ASSISTANCE TO TRAINING INSTITUTIONS (ATI) SCHEME

The main objective of the ATI Scheme are development of indigenous Entrepreneurship from all walks of life for developing new MSE, enlarging the entrepreneurial base and encouraging self employment.

(IV) SELF HELP GROUPS

Self Help Groups is a homogenous group of micro entrepreneurs which are formed voluntarily to save whatever amount they can and mutually agree to contribute to a common fund of the group.

THE NATIONAL POLICY ON SKILL DEVELOPMENT

This policy has been revised to include Entrepreneurship Development. This is necessary for creating an Ecosystem of entrepreneurship as large number of people are self –employed and creations of job. Opportunities has not kept pace with the growth. The National skill development corporation created to catalyze the private sector efforts for skill Development. NSDC with 267 training Partners and more than 6900 training centres has trained more than 80 lakh people so far in different trades across sectors.

A start up ecosystem is formed by people, startups in their various stages and various types of organization in a location, interacting as a system to create
new startup companies.

**STARTUP AND STAND UP INDIA**

It is a flagship initiative of the Govt. of India intended to build a strong ecosystem for nurturing innovation and startups in the country.

Startup means an entity, incorporated or registered in India not prior to five years with annual turnover not exceeding Rs. 25 Crore in any preceding financial year. A startup shall be eligible for tax benefits only after it has obtaining certification from the Inter-Ministerial Board, set up for such purpose. To implement Start-Up India in a formal way following point Action Plan has been unveiled-

- Compliance Regime based on Self Certification.
- Rolling out of Mobile App and Portal
- Legal support and fast tracking Patent examination at lower costs.
- Relaxed norms of Public procurement for Start-Ups
- Faster Exit for Start-Up
- Tax Exemption on Capital gains.
- Credit Guarantee fund for Start Ups.

Under stand up India scheme, more emphasis is on women and SC/ST entrepreneurs. The scheme's motive is to make them job creators not the job seekers.
**India Aspiration Fund** - A Rs. 2000 Crore fund was launched by SIDBI to boost the start ups ecosystem in the country. This fund would invest in various venture capital funds for meeting the equity requirement of MSME startups.

**CONCLUSION**

Globalization works in terms of constantly creating new sources of dynamic growth Globalization has given opportunity for Entrepreneur Development, a startup ecosystem has been created through new policy initiatives which would not only promote startups particularly but also the micro units would be able to graduate faster as small and medium units. If this objective is achieved the goal of job realization through self-employment would be complete. The future prosperity of any economy depends to considerable extent on its success in promoting entrepreneurship and innovation.

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