

## **THE ROLE OF ENTREPRENEURSHIP TOWARDS EMPLOYMENT GENERATION IN INDIAN PERSPECTIVE: A THEORETICAL DISCOURSE**

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### **ABSTRACT**

Employment has always been a central issue in development. In recent years we saw a global financial crisis that affected many countries, causing a massive economic recession and a major loss of jobs. Despite some initial employment gains in the post-crisis years, we have seen a rise in unemployment over the past year. The obstacles that developing countries face in creating employment opportunities is conveyed in part to large population growth, lack of capital accumulation and poor educational services. Population growth rates in developing countries continue to increase, which has led to a swell in the proportion of youth within the population. Many developing countries have a large population of youth unable to find jobs after earning a degree. In this context entrepreneurship brings a ray of hope for dealing with employment crisis. the present paper tries to identify the role of entrepreneurship in job creation and unemployment reduction also the author tries to reflect the opportunities and barriers of entrepreneurship in Indian contest.

Key Words- Employment, Employment Crisis, Entrepreneurship opportunities and barriers.

### **Introduction**

Employment has always been a central issue in development. Jobs represent the means by which individuals gain a sense of personal purpose and satisfaction; support themselves and their families; and contribute to the productivity and health of their local and national economies. The importance of employment to a healthy, productive and peaceful society cannot be overestimated. Jobs can mean economic freedom for women; provide access to education and health services for children; and present an alternative to violence for idle youth. Employment is crucial to successful and sustainable development. Indeed, if a developed society is one in which individuals can lead healthy, productive lives, have access to the resources needed for a decent standard of living and participate in the life of the community, then jobs can make development happen.

Job creation and full employment have been part of the development agenda for decades, sometimes at the top of the list, and at other times losing priority to GDP growth or other economic priorities. In recent years we saw a global financial crisis that left few countries untouched, causing a massive economic downturn and a major loss of jobs.

### **Objective of the study**

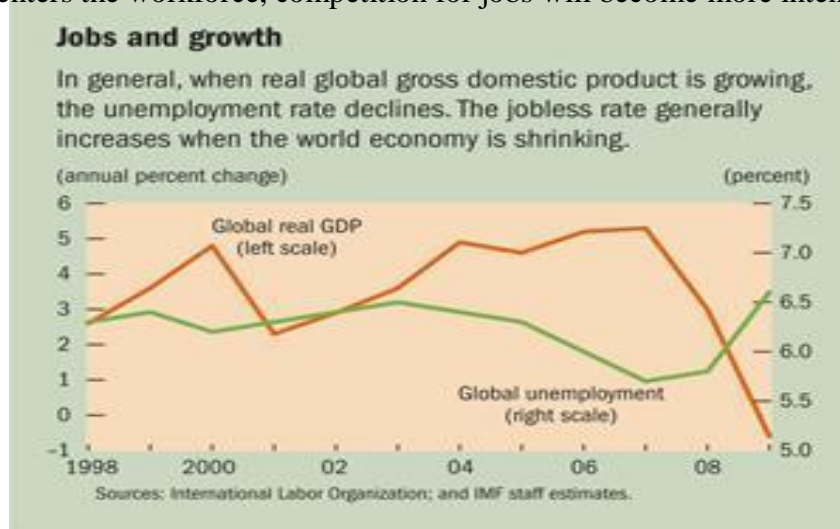
The objectives of the studies are as follows

1. To determine whether Entrepreneurship can solve the problem of job crisis.
2. To study various opportunities of entrepreneurship in Indian perspective
3. To examine the various barriers of entrepreneurship

### **Jobs Challenge into Context**

Providing jobs for a growing population has been one of the most pressing challenges facing the developing world for some time. Employment is crucial to economic development. Jobs promote social cohesion, reduce poverty and improve gender equality. The obstacles that developing countries face in creating employment opportunities have been related in part to large population growth, lack of capital accumulation and poor educational services. While population growth rates in many countries have been slowing in recent years, they continue to be high in developing countries. This has led to a swell in the proportion of youth within the population. This trend is expected to continue as population in the developing world is projected to grow from 5.6 billion in 2009 to 7.9 billion in 2050. As the youth population matures and enters the workforce, competition for jobs will become more intense. At the same time the workforce is growing, the number of job opportunities is shrinking. Large companies are increasing productivity and shedding jobs, while small businesses are struggling to grow from 5.6 billion in 2009 to 7.9 billion in 2050. As the youth population matures and enters the workforce, competition for jobs will become more intense.

Figure-1



<http://www.imf.org.proxyau.wrlc.org/external/pubs/ft/fandd/basics/unemploy.h>

### **Role of Entrepreneurship in Increasing Employment**

The underlying problem is that an increasing number of youth graduates from high schools, colleges and universities are seeking opportunities in the labour market every year. As the youth graduates cannot always depend on the public and private sector in providing job opportunities, entrepreneurship is tend to be the alternative solution for their unemployment.

Initiatives that focus on increasing entrepreneurship and increasing employment share a great deal in common, as entrepreneurship can be seen as a special form of employability. Entrepreneurship has often been cited as a key factor to improving economic growth in developing countries. Entrepreneurship is also seen as an important way to deal with issues relating to poverty, as entrepreneurship creates new jobs, fosters a climate of innovative thinking, and can lead to the launch of pioneering and cutting edge companies. There is also evidence to suggest that entrepreneurs create more employment than non-entrepreneurs. Entrepreneurial activities encourage the development of new enterprises.

Entrepreneurship plays a significant role in the economic development of a country. The developed countries like USA, Russia and Japan supports the fact that entrepreneurship is the cause for the economic development in their country. Entrepreneurship is the most powerful weapon in the hands of one to fight against poverty and unemployment. It is widely accepted by every, big or small country, that well motivated entrepreneurs are must for accelerating the process of economic development. Entrepreneurship acts as a catalyst for the economic prosperity of a nation as it leads to generation of employment, contribution in national income, rural development, industrialization, technological development, export promotion etc.

### **Entrepreneurship In India**

In India, entrepreneurship can prove as one stop solution for addressing the major problems like unemployment and poverty. Considering these benefits, various initiatives have been taken by the government from time to time for entrepreneurship development in the country such as Industrial Policies and Five Year Plans specifically focusing on the growth of small scale sector, setting up of Special Economic Zones (SEZs), setting up of Entrepreneurship Institutions, organizing Entrepreneurship Development Programmes (EDPs) and various Government Programmes and Schemes for the promotion of entrepreneurship like Pradhan Mantri Employment Generation Programme, Credit Guarantee Scheme, Credit Linked Capital Subsidy Scheme for Technology Up-gradation, National Manufacturing Competitiveness Programme, Micro and Small Enterprises Cluster Development Programme, Technology Centre Systems Programme, Rajiv Gandhi Udyami Mitra Yojana, Khadi Reform Development Programme, Market Development Assistance Scheme etc.

### **Recent policy reforms for entrepreneurship development in India**

1. Ministry of Skill Development and Entrepreneurship (MSDE) It came into existence as Department of Skill Development and Entrepreneurship on 31st July 2014 and later was created as Ministry on 10th November 2014. It is responsible for co-ordination of all skill development efforts across the country, 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 . It is aided by following functional arms:

- National Skill Development Agency (NSDA): is an autonomous body which coordinates and harmonizes the skill development efforts of the Government and the private sector to achieve the skilling targets of the 12th Plan and beyond, and attempts to bridge the social, regional, gender and economic divide. It acts as a nodal agency for State Skill Development Missions. The main functions of NSDA is to evaluate existing skill development schemes, create and maintain a national data base related to skill, ensure that the skilling needs of the disadvantaged and the marginalized groups are taken care of etc.

- National Skill Development Corporation (NSDC): is a one of its kind, Public Private Partnership in India which acts as a catalyst in skill development by providing funding to enterprises, companies and organisations that provide skill training. NSDC with 160 training partners and 1722 training centres has so far trained around 35 lakh persons across India. NSDC has taken few initiatives such as 'Innovations for Skills Marketplace' and 'Innovations for Skills Challenge'. 'Udaan' a special industry initiative for Jammu & Kashmir implemented by NSDC which aims to provide skills training and enhance the employability of unemployed youth of J&K.

- National Skill Development Fund (NSDF): was set up for raising funds both from Government and Non Government sectors for skill development in the country. The fund is contributed by various Government sources, and other donors/ contributors to enhance, stimulate and develop the skills of Indian youth by various sector specific programs. Till 31st March 2015, NSDF has released Rs. 2333 crore to NSDC towards skill development programmes .

- Sector Skill Councils (SSCs): are industry led bodies which are responsible for defining the skilling needs, concept, processes, certification, and accreditation of their respective industry sectors. The SSCs shall prescribe the National Occupational Standards (NOSs) and Qualification Packs (QPs) for the job roles relevant to their industry, and shall work with the NSDA to ensure that these are in accordance with the National Skill Qualification Framework (NSQF).

2. National Policy on Skill Development and Entrepreneurship 2015 It aims to provide an umbrella framework to all skilling activities being carried out within the country, to align them to common

standards and link the skilling with demand centres. This policy links the skills development to improved employability and productivity.

3. National Skill Development Mission: It was launched on 15th July 2015 on the occasion of World Youth Skills Day. The Mission has been developed to create convergence across sectors and States in terms of skill training activities to achieve the vision of 'Skilled India'.

4. Entrepreneurship Development Scheme It is currently being developed by MSDE. The scheme is being designed around various elements like entrepreneurship education curriculum, web and mobile based networking platform, entrepreneurship hubs (ehubs) network, international linkages, national entrepreneurship day, promotion of entrepreneurship among women and minority sections, social entrepreneurship etc.

5. Pradhan Mantri Kaushal Vikas Yojana (PMKVY) It is the flagship outcome-based skill training scheme of the MSDE that aims to offer 24 lakh Indian youth meaningful, industry relevant, skill based training. The objective of this skill certification and reward scheme is to enable and mobilize a large number of Indian youth to take up outcome based skill training and become employable and earn their livelihood. As on 3rd March 2016, 1599895 people have been enrolled, 956871 completed trainings and 290002 got certified under PMKVY. The skill card will also be given to those certified under PMKVY which will act as authenticate skill certification.

6. Make in India It is an initiative of the Government of India launched on 25th September 2014 to encourage multi-national, as well as domestic, companies to manufacture their products in India. The major objective behind the initiative is to focus on job creation and skill enhancement in 25 sectors of the economy. The initiative also aims at high quality standards and minimising the impact on the environment. The initiative hopes to attract capital and technological investment in India.

7. 'Start-Up India' Initiative It aims to encourage entrepreneurship among the youth of India. The 'Start-up India: Stand up India' promotes bank financing for start-ups and offer incentives to enhance entrepreneurship and job creation. Prime Minister, Narendra Modi said that, "Each of the 1.25 lakh bank branches should encourage at least one Dalit or Adivasi entrepreneur and at least one woman entrepreneur". This initiative will provide a new dimension to entrepreneurship and help in setting up of a network of start-ups in the country.

8. MUDRA Bank Micro Units Development Refinance Agency (MUDRA) Bank has been set up on 8th April 2015 for development of micro units to encourage entrepreneurship in India and provide the funding to the non corporate small business sector. MUDRA Bank provides refinance to Banks, MFIs, NBFCs etc. for loans to micro units having loan requirement from Rs 50000 to Rs. 10 lakh. Under MUDRA Yojana, MUDRA Bank has launched three products named Shishu, Kishor and Tarun to signify the stage of growth and funding needs of entrepreneurs. Rs. 20000 crore has been

allotted to MUDRA Bank for the SME sector which will enhance credit facility to boost the growth of small businesses and manufacturing units .

9. ATAL Innovation Mission (AIM) It also called as AIM Platform was established through 2015 budget within National Institution for Transforming India (NITI) to provide innovation promotion platform involving academicians, and drawing upon national and international experiences to foster a culture of innovation, research and development. The 2015 budget has earmarked Rs.150 crores for the AIM Platform.

10. Self Employment and Talent Utilization (SETU) It is a Techno-Financial, Incubation and Facilitation Programme to support all aspects of start-up businesses, and other self-employment activities, particularly in technology-driven areas. An amount of Rs.1000 crore is being set up initially in NITI Aayog for SETU. It also aims to create around 100,000 jobs through start-ups

### **Barriers to entrepreneurship**

In spite of several initiatives taken by the government, entrepreneurs still face certain problems like lack of availability of finance, technical knowledge, managerial skills, availability of resources and infrastructure, awareness about entrepreneurship schemes and regulatory framework, market linkage etc. which obstruct the growth and development of entrepreneurship in the country. According to the research study conducted by NCAER (1993), lack of training and finance are the major problems faced by Small Scale Industries (SSIs) besides procedural hassles, administrative hurdles, lack of infrastructure and counseling. Vasper also found that there are many barriers affecting entrepreneurship and identified lack of seed capital as one of the major barriers. According to World Bank, India ranked 142nd among 189 nations in terms of ease of doing business. According to EY G20 Entrepreneurship Barometer, although India's rank is 11th while China ranked 3rd in terms of access to funding; India ranked last as far as education and training is concerned.

### **Conclusion**

The recent policy reforms clearly reveal that government is leveraging on skill development for ensuring sustainable entrepreneurship development in the country. However, a proper supervision and monitoring mechanism should be set to analyze the outcome of these initiatives on periodic basis and to avoid the overlapping of activities performed by the newly established government agencies and programmes. According to survey undertaken by Local Circles, 59 percent of citizens still feel that corruption and delays prevent the growth of entrepreneurship in India while only 14 percent felt funding as the main problem. Thus, the effectiveness of the recent policy reforms needs to be checked by analyzing the benefits entailed by the entrepreneurs on regular basis to ensure that these initiatives deliver maximum results unlikely the previous reforms. According to Economic



Survey 2015-16, start-up sector is witnessing unusual dynamism with focus mainly on ecommerce and financial services sector which led to huge growth of technology enabled start-ups in the year 2015. Therefore, the 'Start-up India' mission of government should go beyond digital or technology start-ups and enable entrepreneurship in manufacturing sector to ally with Make in-India drive and particularly at grass root level so as to provide self-employment opportunities to technology deficient section of the society.

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