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ENTREPRENEURSHIP IN NEW ECONOMIC MILLENNIUM: INDIAN PERSPECTIVE

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Abstract: An Entrepreneur is an individual who, rather than working as an employee, runs a small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale. The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes. Today's entrepreneur, a person, who has initiative in investment and decision to the enterprise; seeking all resource of factor of production, resources of Management, Behavior, cultural, Economical and Political factor for establishing, innovation and founded enterprise, having assumption of risk, profit and future growth. Entrepreneurship has rightly been identified with the individual, as success of enterprise depends upon imagination, vision, innovativeness and risk taking. The production is possible due to the cooperation of the various factors of production, popularly known as land, labour, capital, market management and of course entrepreneurship. Basic objective in developing entrepreneurship and multiplying them in the society has been to enable the society to generate productive human resource, mobilize and sustain the same in subsequent process of development. The government at the national and state level in India has been keen on promoting entrepreneurship. A well designed value chain is necessary for and enterprise to reap the benefits of market advantage and this should be modified to suit the demands of modern enterprise..

Entrepreneurship is one of the four mainstream economic factors: Land, labor, capital, and entrepreneurship. The word itself, derived from 17th –century French *entreprendre*, which means to 'undertake' – those who "undertake" the risk of new enterprise. They are "contractor" who bear the risk of profit and loss. Early entrepreneurs were soldiers of fortune, adventurers, builders, merchants, and, incidentally, funeral directors. How the term "undertaker" became associated with funerals is a mystery, but there is a considerable body of literature on entrepreneurship. Early references to the entrepreneur in the 14th century speak about tax contractors-individuals who paid a fixed sum of money to a government for the license to collect taxes in their region. Tax entrepreneurs bore the risk of collecting individual taxes, if they collected more than the sum paid for their licenses, they made profit and kept the excess. If they failed to collect enough to match the cost of their licenses, they didn't care, because they had already had their money from license fees. Entrepreneurship was a common topic for discussion in economics for much of the 18th and 19th centuries. Notable early French, British, and Austrian economists wrote enthusiastically on entrepreneurs as the "change agents" of progressive economies.

Entrepreneurship defies definition. It is very difficult to find an exclusive definition for it. However, Schumpeter provides us with a framework for understanding both in terms of process. Schumpeter's suggests that the role of an entrepreneur is, "to reform or revolutionize the pattern of production by exploiting and invention or, more generally, and untried technological possibility for producing a new commodity or producing an old one in a new way" (Entrepreneurship 7)

Schumpeter does not equate entrepreneurs with inventors, suggesting instead that an inventor might only create a new product, whereas an entrepreneur will gather resources, organize talent, and provide leadership to make the product into a commercial success.

Peter Drucker shares Schumpeter's view. He describes the entrepreneurial role as one of gathering and using resources, but he views that "resources, to produce results, must be allocated opportunities rather than to problems" (Entrepreneurship 8)

"In Drucker's view entrepreneurship occurs when resources are redirected to progressive opportunities, not used to ensure administrative efficiency. This redirection of resources distinguishes the entrepreneurial role from that of the traditional management role, distinction. That Henry Ford made in his decisions.

"Robert Ronstadt" definition of entrepreneurship appears somewhat conclusive: he defines, "Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time, and or career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources". In contemporary times and entrepreneur is looked upon as an innovator, But to view and entrepreneurship as an innovator raises many questions.

Kirzner suggest that the process of innovation is actually of spontaneous "undeliberate learning". Leibenstein claims that the dominant,

necessary characteristics of entrepreneurs is that they are gap- fillers i.e they have the ability to perceive where market fails and to develop new goods or processes that the market demands but which are not currently being supplied. They, have the special ability to connect different markets and make up for market failures and deficiencies.

Robert E. Nelson defines an entrepreneur as, “a person who is able to look at the environment, identify opportunities to improve the environmental resources and implement action to maximize those opportunities”. (Entrepreneurship Wikipedia)

Entrepreneurship as a stabilizing force limits entrepreneurship to reading market disequilibria, therefore, the most appropriate definition of entrepreneurship that would fit in to the rural development context is, “a force that mobilizes other resources to meet unmet market demand”, “the ability to create and build something from practically nothing”, “and the process of creating value by pulling together a unique package of resources to exploit and opportunity”. It combines definitions of entrepreneurship by Jones and Sakong, 1980; Timmons, 1989; Stevenson, et al., 1985

The above views on entrepreneurship suggest characteristic feature of the entrepreneur.

- i. An entrepreneur is alert and has no intrinsic skills than that of recognizing opportunities.
- ii. The entrepreneur has special skills that enable him to participate in the process of innovation.
- iii. Entrepreneurs make “creative imitation”
- iv. Entrepreneurs are risk-bearers, Coordinators organizers, gap fillers,
- v. They are innovators and leaders.

Though the idea that entrepreneurs are innovators is largely acceptable, it can be difficult to apply this concept of entrepreneurship to less developed countries (LDCs). Often in LDCs, entrepreneurs are not truly innovators in the traditional sense of the word. They 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 imitation”. Creative imitation takes place when the imitators better understand how in innovation can be applied, used, or sold in their particular market niche (namely their own countries) than do the people who actually created or discovered the original innovation.

Thus, risk taking ability, self-confidence, decision making ability, knowledge of growing to harvesting technology, economic motivation, market orientation, achievement, motivation, etc. are indicators of entrepreneurial behavior.

Challenges and Pressures of the environment

Entrepreneurship has gained greater significance at the global level under changing economic scenario. Global economy in general and Indian economy in particular is poised for accelerated growth driven by entrepreneurship. Entrepreneurial ventures exhibit seven trends in their bid to survive, grow and remain competitive.

- Speed and uncertainty
- Advanced technology
- Influence of demographics.
- Loyalty Erosion.
- Virtualization of work
- Employment redefined
- Quality improvement

Entrepreneurship has to overcome the challenges that confront it for survival and excellence. The challenges are

- Problems of raising equity capital
- Difficulty in borrowing funds.
- Problems of availing raw-materials.
- Problems of obsolescence of indigenous technology
- Increased pollutions
- Ecological imbalance
- Problems of TRIPS (Trade Related Intellectual rights) and TRIMS (Trade Related Investment Measures).
- Exploitation of developing economies.

Promotion of Entrepreneurship at the National level

In Indian small and Medium sized enterprises (SMEs) have strategic importance for the national economy. Logically, the government shows interest in supporting Entrepreneurship and SMEs to create new job positions, increasing GDP and rising standard of population than supporting entrepreneurship and encouraging and supporting people who dare to start their own business. Every surviving and successful business means new jobs and growth of GDP. In supporting entrepreneurship and SMEs, The Government has created different types of support substitutions to

- i) To provide on regulations, standard, taxation, custom duties, marketing issues
- ii) Advise on business planning, marketing and accountancy, quality control and assurance

- iii) Create incubator units providing the space and infrastructure for business beginners and innovative companies, and helping them to solve technological problems, and to search for know-how and promote innovation
- iv) Help in looking for partners, in order to stimulate entrepreneurship and improve the business environment for small enterprises.

Apart from these institutions the Govt. Patronizes SMEs by imparting training. Providing Marketing assistance, devising promotional schemes, granting concessions on excise duty and extending credit facilities.

Training

Basic training is imparted Entrepreneurs to hone their skills. Need based technical training is provided by the Govt. & State Govt. technical institutions. Government organizations as well as NGOs conduct EDPs and MDPs. These EDPs and MDPs are conducted by MSME's NIESBUD, NSIC, IIE, NISIET, Entrepreneurship Development Institutes and other state government developmental agencies.

Marketing Assistance

Besides promotion of MSME product through exhibitions, NSIC directly markets them in the domestic and overseas market. NSIC also manages a single point registration scheme for manufactures for Govt. purchase. Units registered under this scheme get the benefits of free tender documents and exemption from earnest money deposit and performance guarantee.

Promotional schemes

Besides providing developed land and sheds to the entrepreneurs on actual cost basis with appropriate infrastructure, special schemes have been designed for specific purposes like quality up gradating, common facilities, entrepreneurship development and consultancy services at nominal charges, Government of India has been executing the incentive scheme for providing reimbursement of charges for acquiring ISO 9000 certification to the extent of 75% of the cost subject to a maximum of Rs.75,000/- in each case. ISO 9000 is a mechanism to facilitate adoption for consistent management practices and production technique as decided by the entrepreneur himself. This facilitates achievement of desired level of quality while keeping check on production process and management of the enterprise.

Concession on Excise Duty

MSME units with a turnover of Rs. 1 crore or less per year have been exempted from payment of Excise duty. Moreover there is a general scheme of excise exemption for MSME brought out by the Ministry of Finance which covers most of the items. Under this, units having turnover of less than Rs 3 crores are eligible for concessional rate of Excise Duty. Moreover, there is an exemption from Excise Duty for MSME units producing branded goods in rural areas

Credit Facility to MSME

Credit to micro, small and medium scale sector has been covered under priority sector lending by banks. Small Industries Development Bank of India (SIDBI) has been established as the apex institution for financing the MSME. Specific schemes have been designed for implementations through SIDBI, SFCs and NSIC etc. loans up to Rs. 5 lakhs are made available by the banks without insisting on collaterals. Further Credit guarantee fund for micro, small and medium enterprises has been set up to provide guarantee for loans to MSME up to Rs. 25 lakhs extended by Commercial Banks and some Regional Rural Banks

Promotion of Entrepreneurship at the State level

State governments provide technical and other support services to small units through their directorates of Industries, and district Industries Centres. Although the details of the scheme vary from state to state, the following are the common areas of support.

1. Development and management of industrial estates
2. Suspension/deferment of Sales Tax
3. Power subsidies
4. Capital investment subsidies for new units set up in a particular district
5. Seed capital /Margin Money Assistance Scheme
6. Priority in allotment of power connection, water connection.
7. Consultancy and technical support

Government of India runs a scheme for giving National Awards to micro, small and medium scale entrepreneurs providing quality product in 11 selected industry groups of consumer interest. The winners are given trophy, certificate and a cash price of Rs. 25000/- each.

Role of Small Industries Development Bank of India (SIDBI)

SIDBI established in April 1990 under an Act of Parliament as a wholly-owned subsidiary of Industrial Development Bank of India (IDBI) is the principal financial institution for the following three-fold activities:

- Financing the small scale sector by providing:
 - i. Indirect assistance to primary lending institutions (PLIs);
 - ii. Direct assistance to small scale units; and
- Promoting small industries through development and support services;
- Coordinating the functions of other institutions engaged in similar activities.

Financing the Small Scale Sector:

Credit is the prime input for sustained growth of small scale sector and its availability is thus a matter of great importance. The main objective of SIDBI has been to provide short term credit /working capital to small enterprises for its day to day requirement for purchasing raw material and other inputs like lands, building, plant and machinery.

Indirect Assistance:

- Loans granted by PLIs for new SSI projects and their expansion, technology up gradation, modernization, quality promotion etc.
- Loans sanctioned by PLIs to small road transport operator, qualified professionals for self-employment, small hospitals and nursing homes and to promote hotels and tourism-related activities.

Direct Assistance:

- SSI units for new / expansion/modernization projects..
- Marketing development projects which expand the domestic and international marketability of SSI product.
- Existing well-run SSI units and ancillaries / sub-contracting units/vendor units for modernization and technology p gradation.
- Infrastructure development agencies for developing industrial areas.
- Leasing and hire purchase companies for offering leasing/ hire purchase facilities to SSI units.
- Existing export-oriented unit to enable them to acquire ISO9000 Series Certification

Other Specific Assistance:

- IDBI provides loans for importing equipments to existing export-oriented SSIs and to new units having definite plans to enter into export markets.
- It executes confirmed export orders by way of pre-shipment credit/letter of credit and provides post-shipment facilities
- It also provides assistance to those small scale enterprises (from its Venture Capital Fund) which use innovative indigenous technology and expertise.

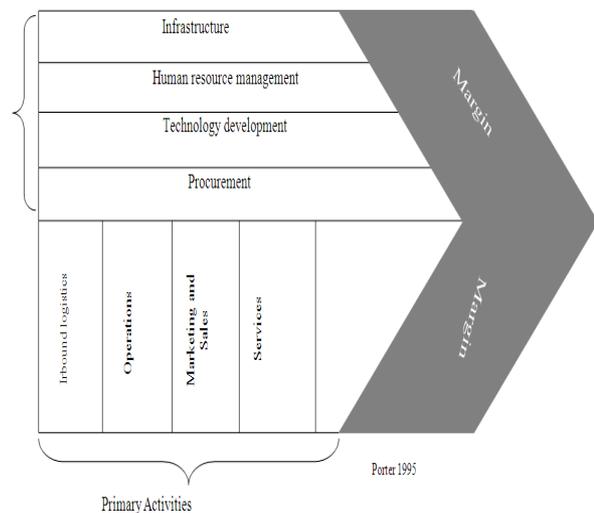
Development and Support Services

The bank extends development and support services in the form of loans and grants to different agencies working for the promotion and development of SSIs and tiny industries. Over the years, the initiative of SIDBI under promotional and developmental activities have crystallized into the following important areas;

- Enterprise promotion with emphasis on rural industrialization
- Human Resource Development to suit the SSI sector needs
- Technology Up gradation
- Marketing and promotion and
- Information dissemination.

Conclusion

A well designed value chain is necessary for an enterprise to reap the benefits of market advantage in order to coordinate the firms’ primary and supportive activities. The traditional value chain devised by Michel porter that the enterprises use to follow is as follows;



But due to the technological advancement and global system of operation the traditional value chain need to be modified. The new value chain should include the following factors

- Comparable cost advantage in primary activities
- Automation and updated technology in supportive activities
- Labor relations in supportive activities
- Electronics marketing strategies
- Feedback mechanism

- Legal provision
- Reinforcement of capital
- Human Resource Development

Works Cited

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