

ROLE OF INDIAN GOVERNMENT IN ENTREPRENEURSHIP DEVELOPMENT

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Abstract : We all know that today, India is a developing country which is destined to achieve milestones on various fronts in the coming future. However, for India, to get the status of a "developed" economy, it needs to create 100 million jobs, statistics point out! In an effort to achieve this status, tapping the potential of the unemployed and exploring opportunities in the employment market, so that each and every person plays a crucial role in contributing towards the growth of the nation is compulsory. However, how can one create 100 million jobs? And the million dollar question is which industry will absorb people and bridge this employment gap? While experts are busy contemplating the opportunities of the army, the railways, the government and the private sector to recruit, speculations about the difficulty in employing in such huge numbers continue to exist. And, the answer lies in Entrepreneurship. Entrepreneurship is a multi-faceted phenomenon. In simple words, we define an entrepreneur as "an individual who establishes and manages a business for profit and growth." Entrepreneurs do entrepreneurship. Entrepreneurship is more than mere creation of business. It is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Entrepreneurs are persons who turn their dreams into reality. They supply products and services, which increase the standard of living of the whole population. They are wealth creators. This self-created wealth insulates the economy from recession and helps strengthen the local economy. Global depressions would not affect the economy, as much as it would have in other conditions. An environment where entrepreneurship can prosper and where entrepreneurs can pursue their new ideas and empower others needs to be ensured. And, here comes the role of Government in providing comfortable environment where Entrepreneurship and Entrepreneurs can grow. Entrepreneurial education needs to come back to the top of the priorities of government as the fundamental mechanism for attaining sustainable economic development and societal progress.

Keywords: Entrepreneurship, EDPs, Entrepreneurship Development, Entrepreneurial education, Role of Government

INTRODUCTION

Promotion of Entrepreneurship

Entrepreneurship was important to support economic and social growth; it is the policy goal of many governments to develop a culture of entrepreneurial mind set. This can be done in a number of ways: by integrating entrepreneurship into education systems, legislating to encourage risk-taking, and national campaigning. Many of these initiatives have been brought together under one roof of Global Entrepreneurship Week, a worldwide celebration and promotion of youth entrepreneurship, which started in 2008.

Importance And Role Of Entrepreneurs In Indian Economy

We need entrepreneurs because they are the creators of jobs. According to TiE (The IndUS Entrepreneurs, a non-profit organization, promoting entrepreneurship), each entrepreneur creates 30 jobs. An entrepreneur creates jobs, sets platform for a developing economy, unlike a person who is just a job searcher and a burden to the country. Various executives and managers employed by big companies use their creativity and intellect to make their companies richer, whereas entrepreneurs make themselves and their economy richer. The benefits of entrepreneurship to the society at large and the country as a whole are enormous. Entrepreneurship

helps in avoidance of monopolies and cartels. Entrepreneurship is one of the easiest ways to check big companies and Multi National Organisations from exploiting the customers. Entrepreneurs realize the increased demand for products abroad and help to market the surplus. They help in making the market of India export competitive and at the same time, they make the 'Made in India' tag more acceptable. The surplus stock, which would have been otherwise rotting in the government warehouses, can be exported, thus helping to earn crucial foreign currency. The government gets rid of the excess stock while the exporter earns revenue, leading to a win-win situation. If India wishes to be a developed nation, the government must realize that only entrepreneurship can help it to grow at the desired level. The government should frame its policies to nurture and promote budding entrepreneurs. So, there is a need for Indians to venture out into the world of entrepreneurship, build intellectual property and create wealth, which hopefully will find its way back into the system to fund more start-ups. India may be becoming a hotbed of innovation as an increasing share of global Research and development shifts here. But Indians are still not making the shift to entrepreneurship and aiming to build the next Microsofts, Ciscos and Googles. We seem to be content working for them. India needs Entrepreneurs. Together, the new entrepreneurs will inspire the next generation. That will be the real coming of age of Indian technology and entrepreneurship. To do this, the government needs to focus on Entrepreneurship education to create a pool of trained and highly skilled entrepreneurs.

LITERATURE REVIEW

Bechard and Toulouse (1991) draw on a framework from the educational sciences to contrast four educative orientations. Three of these, conformist, adaptive and transformative, are pedagogical approaches which focus on course content. The alternative orientation, as an androgogical approach,

emphasises process. The authors suggest that, unfortunately, the pedagogical model is the dominant model in entrepreneurship courses and recommend a transition to the alternative orientation.

Ulrich and Cole (1987) emphasises the importance of successful learning experiences in generating and increasing interest in entrepreneurship.

Dana's paper (1987) also suggests that entrepreneurial learning style preferences are consistent with active participation and that increased opportunities to participate in the classroom would increase student awareness and enhances the ability to learn from experience. Dana further argues that the emphasis should be on improving entrepreneurial skill development and on the importance of learning the skill to learn as an ongoing process rather than on traditional management course content.

Ivancevich (1991), Ronstadt (1987), McMullan and Long (1987), McMullan (1988) and Plaschka and Welsh (1990) discuss the emergence of entrepreneurship as an academic discipline and its role within the traditional business school structure. Each highlights the growing body of entrepreneurship literature and systematic theories necessary for recognition as an established discipline. Each also emphasises a particular aspect of the role of entrepreneurship education. *Plaschka and Welsh (1990)* posit two frameworks of entrepreneurship programs. The first combines the dimensions of number of entrepreneurship courses and degree of integration. The second combines the dimensions of number of disciplines and transition stages in a firm. The value of the models lies in their usefulness, individually or in combination, in studying and designing entrepreneurship programs.

Harrison and Leitch (1994) argue the need to utilize recent developments in the field of leadership research when studying entrepre-

neurship. The authors suggest that leadership and organizational transformation and continuous learning are themes that reflect the new paradigm associated with entrepreneurship education. Hood and Young (1993) develop a theoretical framework consisting of four primary areas where successful entrepreneurs must be developed. The areas are content, skills and behavior, mentality, and personality.

ROLE OF GOVERNMENT

(A) Financial Assistance

Financial help is available from institutions such as Nationalized Banks, Small Industries Development Bank of India (SIDBI), Regional Rural Banks, National Small Industries Corporation (NSIC), State Financial Corporation (SFCs) etc. depending upon the project requirement and founders' background. Financial assistance has two elements: Loan for Fixed capital loan which is used to acquire Plant and Machinery, land and building; and Working capital loan which is used to meet the day to day operational cost of the production. State Financial Corporation (SFCs) and National Small Industries Corporation (NSIC) generally provide working capital. However under package assistance, State Financial Corporation (SFCs) also provides a composite loan covering plant and machinery and working capital. The general conditions for getting financial assistance are:

- (i) Eligibility criteria
- (ii) Technical / Economic feasibility
- (iii) Promoters contribution Small and Medium-sized Enterprises (SMEs).

Owing to their private ownership, entrepreneurial spirit, their flexibility and adaptability as well as their potential to react to various challenges and drastic changing environment, SMEs contribute to sustainable growth and employment generation in a significant manner. SMEs have strategic significance for every national economy due to various reasons. Rationally, the govern-

ment shows such an interest in supporting entrepreneurship and SMEs. There is no other simpler way to create new job positions, increase GDP (Gross Domestic Product) and raise standard of living of the population than supporting entrepreneurial spirit and encouraging and motivating individuals who dare to start their own enterprises. Every sustainable and successful business means creation of new jobs and ultimately growth of GDP. Hence, designing a comprehensive, coherent and consistent approach by Council of Ministers and entity governments to entrepreneurship and SMEs in the form of government support strategy to entrepreneurial growth and SMEs is an essential step. A comprehensive governmental approach towards entrepreneurship and SMEs would provide for a full coordination of activities of various Governmental institutions (chambers of commerce, employment bureaus, industrial agencies etc.) and NGOs dealing with entrepreneurship and SMEs. With no airs of describing the role of government in supporting entrepreneurship and SMEs, we believe that besides creating a comprehensive entrepreneurship and SMEs strategy, the development of nation-wide SME support institutions and networks is one of major situation for success. There is no scepticism that government should create different types of support institutions:

- (a) To provide information on regulations, standards, taxation, customs duties, marketing issues;
- (b) To give advice on business planning, accountancy, quality control and assurance;
- (c) To create incubator units providing the space and infrastructure for business starters and creative companies, helping them to solve technological problems, and to search for technical know-how and support innovation; and
- (d) To help in looking for business partners, in order to promote entrepreneurship and improve the business environment for small scale enterprises.

(B) Training

Training differs from product to product but would compulsorily involve sharpening of entrepreneurial skills. Need-based technical training is provided by the government and state government technical institutions. There are a number of governmental organizations as well as NGOs (Non-Governmental Organisations) which conduct EDPs (Entrepreneurial Development Program) and MDPs (Management Development Program). These EDPs and MDPs are conducted by MSME's, NIESBUD, NSIC, IIE, NISIET, Entrepreneurship Development Institutes (EDIs) and other state government developmental agencies.

(C) Marketing Assistance

There are Governmental and non-governmental specialized agencies which provide marketing help. Apart from promotion of MSME products through exhibitions and all, NSIC directly market the MSME goods in the local and global market. NSIC also manages a single point registration scheme for manufacturers especially for government purchase. Enterprises registered under this scheme get the benefits of free tender documents and waiver from earnest money deposit and performance guarantee.

(D) Promotional Schemes

Government gives the highest preference to development of MSMEs by creating and executing suitable policies and promotional schemes. Apart from providing developed area and sheds to the entrepreneurs on real cost basis with adequate infrastructure, special schemes have been designed for specific purposes like quality up gradation, common facilities, entrepreneurship development and consultancy services at very reasonable cost. Government of India has been implementing the incentive scheme for providing reimbursement of cost 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 certification to facilitate adoption of

persistent management policies and production techniques as decided by the entrepreneur himself. This facilitates achievement of desired level of quality while keeping check on production process and management of the whole enterprise.

(E) Concession on Excise Duty

MSME units with a turnover of Rs. 1 crore or less per year have been given waiver from payment of Excise Duty. In addition, 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 crore are eligible for discounted rate of Excise Duty. Again, there is an exemption from Excise Duty for MSME units producing branded goods in rural areas.

(F) Credit Facility to MSME

Credit to MSME sector has been covered under priority sector lending by banks. SIDBI has been established as the apex institution for financing the various MSMEs. Particular schemes have been designed for their implementation through SIDBI, SFCs, DICs, SIDCs and NSIC etc. Loans of upto Rs.5 lakhs are made available by the banks without forcing on collaterals. Further Credit Guarantee Fund for MSME enterprises has been set up to provide guarantee for loans to MSMEs up to Rs. 25 lakhs extended by Commercial Banks and some other Regional Rural Banks.

(G) Policies and Schemes for Promotion of MSME

Implemented by state governments, all the other state governments provide technical and non-technical support services to small scale units through their Directorates of Industries, and District Industries Centres (DICs). Although the details of the scheme vary from state to state, the following are the common areas of support:

- (i) Development and management of industrial estates
- (ii) Suspension/ deferment of Sales Tax

- (iii) Power subsidies
 - (iv) Capital investment subsidies for new units set up in a particular district
 - (v) Seed Capital / Margin Money Assistance Scheme
 - (vi) Priority in allotment of power connection, water connection.
 - (vii) Consultancy and technical support
- Government of India provides a scheme for distributing National Awards to MSME entrepreneurs providing quality products in 11 selected industry groups of consumer interest. The winners are given trophy, certificate and a cash price of Rs. 25000/- each.

ENTREPRENEURSHIP AS A DRIVING FORCE BEHIND MSMEs

These days Small and Medium-sized Enterprises (SMEs) are considered in market economies as the locomotive of economic development. SMEs contribute to sustainable growth and employment generation in a significant manner. Owing to their private ownership, entrepreneurial spirit, their flexibility and adaptability as well as their potential to react to challenges and hanging environments. SMEs have strategic importance for each national economy due a wide range of reasons. Logically, the government shows such an interest in supporting entrepreneurship and SMEs. There is no simpler way 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 different countries expansion of entrepreneurship among MSMEs is effectively controlled by a combination of public-private sector organizations. Entrepreneurship development within MSMEs has been made part of the expansion Action Plan at the national level or by India also. Entrepreneurship includes the capability to affect the final results and after that the risk taken is find out and weighted against its forthcoming profits and is therefore lesser than perceived

by outsiders. Despite of some definable gaps, it is accepted by all that entrepreneurship is a driving force behind MSMEs. All the present evidences suggest that entrepreneurship can contribute significantly for achieving key policy goals. Entrepreneurship is an effective means of getting certain policy objectives, but not all, and at least in the short term, there are tradeoffs which have to be identified. Entrepreneurs are the driving force behind MSMEs, and MSMEs play a very significant structural and dynamic role in all economies. The main areas where increased levels of entrepreneurial activity can contribute significantly to specific policy outcomes are:

- i) Creating opportunities -Job generation, careers, and development of new products /services.
- ii) Economic growth, productivity expansion and innovation.
- iii) Poverty alleviation and social opportunities.
- iv) Create new customers and open up new markets.

From the last two generations, especially in rural areas there has been a shift toward promoting more "social entrepreneurship" as a means of poverty alleviation, increasing employment opportunities and empowerment of disadvantaged or under represented groups. Knowledge of the strength which entrepreneurship may offer for encouraging social insertion is mounting global. More emphasis for this placed by Governments is paying attention on assisting target groups to start up micro enterprises, usually by means of the provision of low cost micro finance. These policies implemented in many developing economies have been shown to be remarkably effective by some criteria, and are well illustrated by the success of the Grameen Bank. Micro enterprises are important in their own right, for two closely interrelated reasons:

Firstly, in the longer term, they can provide a beginning bed for entrepreneurship, and for the enlargement of corporate and monetary revitalization required to preserve intern-

ational competitiveness. Approximately all MSMEs begin as a micro enterprise, in that they begin as a concept urbanized by a single individual or a few public.

Secondly, in the instant term, they can provide an option to unemployment, and they can provide resources of improving poverty and social differences. The greater part of micro enterprises is non-employing, but they create a job for the entrepreneur.

Regard this, The National Science & Technology Entrepreneurship Development Board (NSTEDB), reputable in 1982 by the Government of India under the aegis of Department of Science & Technology, is an institutional mechanism to help promote knowledge driven and technology intensive enterprises. The Board, having demonstrations from socio-economic and scientific Ministries/Departments, plans to convert "job-seekers "into "job-creators" through Science & Technology (S&T) interventions. There goals are as follows:

1. To encourage and expand high-end entrepreneurship for S&T human resources as well as self-employment by making use of S&T infrastructure and by using S&T methods.
2. To assist and demeanor various informational services relating to encouragement of entrepreneurship.
3. To network bureaus of the support system, academic institutions and Research & Development (R&D) organizations to cultivate entrepreneurship and self-employing using S&T with special focus on backward areas as well.
4. To act as a policy advice-giving body with consideration to entrepreneurship

The Program's have shaped consciousness between S&T persons to take to entrepreneurship as a career. The academics and researchers have in progress taking a eager attention in such collectively pertinent

responsibility and have occupied themselves in several programs. About 100 organizations, most of which are academic institutions voluntary agencies, were draft in the job of entrepreneurship development and employment generation.

Entrepreneurship development and training is, thus, one of the key essentials for development of MSMEs, particularly, the first generation entrepreneurs. To commence this mission on regular basis, the Ministry has placed three national-level Entrepreneurship Development Institutes (EDIs). These are the National Institute for Micro, Small and Medium Enterprises (NI-MSME), Hyderabad; the Indian Institute of Entrepreneurship (IIE), Guwahati and the National Institute for Entrepreneurship and Small Business Development (NIESBUD), NOIDA, (UP). Further, the Ministry has been implementing [in addition to the schemes operating by the Office of the Development Commissioner (MSME)], a very significant scheme, namely, Scheme for Assistance to Training Institutions, which has been customized recently. The main goals of the scheme are enlargement of relative entrepreneurship from all strides of life for mounting new micro and small enterprises, extending the entrepreneurial base and encouraging self-employment in rural as well as urban areas, as long as guidance to first generation entrepreneurs and supplementary them in locating up of enterprises. (Ministry of MSMEs, Government of India 2009-10)

POLICIES AND SCHEMES FOR ENCO-URAGEMENT OF MSME IMPLEMENTED BY STATE GOVERNMENTS

All the State Governments provide technical and other helping services to small units through their Directorates of Industries, and District Industries Centers. However the details of the scheme vary from state to state, the following are the common aspects of support.

1. Expansion 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 Indian Government has adopted a scheme for giving National Awards to micro, small and medium scale entrepreneurs providing quality products in eleven selected industry groups of buyer interest. The winners are awarded trophy, certificate and a cash prize of Rs. 25000/- each. Government prefers the highest importance to expansion of MSME by framing and implementing suitable policies and promotional schemes, providing incentives for quality up gradation, concession on excise duty and provides technical supportive services. Thus Government play supportive role in developing entrepreneurs.

STATE GOVERNMENTS INCENTIVES FOR INVESTORS

Many state governments are offering incentives to attract investment in their states. Many state governments in India offer attractive incentive packages which include incentives such as:

- Land at subsidized prices or Industrial sheds to set up small scale industrial units.
- Tax concessions for a number of years. These may include exemption from sales tax etc for a set period of time.
- Electric power supply at a reduced tariff.
- Loans and subsidies at very attractive rates of interest.

INCENTIVES FOR SETTING UP BUSINESS IN BACKWARD AREAS

Indian Government as well as many State Governments offers several advantages and profits to develop industrialization of backward areas. Both the central and state governments divides the cost of some of the incentives offered. The objectives of such incentives are to promote backward areas and increase employment for local inhabitants of such areas. The large amount of new industries prefer areas with an established infrastructure and this is why incentives are offered to entice new ventures to start up in areas that need development. Incentives offered depend on the specific area chosen.

Some of The Incentives offered Are:

- Transportation subsidies to promote industries in areas that are not easily accessible, like remote hilly areas. A subsidy of 50% to 90% on transportation costs is available under this scheme.
- A Subsidy at the rate of 15% of the investment amount in plant and machinery is given under the capital investment subsidy scheme.
- A subsidy for interest relief is also provided at a rate of 3% for new industrial units in some areas.

Industrial Unit Start-up Information for NRIs for Non Resident Indians returning to India to start up industrial units. They will find that there is plenty of talent available in India. Hiring the right kind of person can make things quite easy to go through the maze of Indian regulations. While the government no doubt is trying to bring out reforms to make things easier for foreign investors, the attitude of some officials is difficult to change. Those who encounter problems should use the several channels available now to report clerks use delaying tactics for personal gain. Returning NRI's who can tolerate the initial adjustment setbacks in establishing themselves when they return to India will

ultimately find the rewards well worth the effort. India offers investors tremendous opportunities and is presently one of the most sought locations for industrial investment.

LOANS AVAILABLE FOR STARTING INDUSTRIAL VENTURE IN INDIA

The two main financial institutions who provides loans for entrepreneurs on the federal or all India level) are as follows:

1. Industrial Development Bank of India (IDBI)
2. Industrial Finance Corporation of India (IFCI)

The former is the head institution in the area of long term industrial finance. It was established under the IDBI Act 1964 as a wholly owned subsidiary of RBI and started functioning on July 01, 1964. Under Public Financial Institutions Laws (Amendment) Act 1976, it was delinked from RBI. IDBI is engaged in direct financing of the industrial activities The objectives of the Industrial development bank of India are to create a principal institution for long term finance, to coordinate the institutions working in this field for planned development of industrial sector, to provide technical and administrative support to the industries and to conduct research and development activities for the benefit of industrial sector. On the State level finance is available loans can be availed from

1. State Financial Corporation (SFC)
2. State Industrial Development Corporation (SIDC).

CRITERIA FOR BUSINESS LOANS:

- ✓ Technical evaluation of project
- ✓ Experience of the entrepreneurs
- ✓ Financial & commercial practicality of the project
- ✓ Conformity to environmental laws
- ✓ Economic viability of the project

HOW TO APPLY FOR BUSINESS LOANS IN INDIA-LOAN APPLICATION PROCEDURE

Step 1: To submit a detailed project report of business plan to the financial institution, IDBI, IFCI or any other financial institution from where the loan sanction is sought. In case a license is a requirement for the project, the license should be provided with the project report.

Step 2: The financial institution after scrutinizing the project report. If the financial institution requires additional information or clarifications, they usually ask for this in a few days of receipt of project report.

Step 3: Representative from the financial institution will arrange to inspect the site etc to make certain the suitability of the project. At this stage discussions on various aspects of the project are discussed and final project costs are calculated.

Step 4: The financial institution gives its approval if they find the project feasible.

Loans which are given for business ventures can be used for equipment and fixed assets as well as working capital. Although there is no hard and fast rule that is found by financial institutions. If a project is feasible and the entrepreneur has approximately 25% of his own funds, then 75% can be acquired from external sources. In addition to this loans can be availed for working capital also. In case you can provide proof of your expertise in the project there is always the chance that your loans may be approved with a lesser amount of cash investment on your behalf. Projects having cost up to Rupees 5 crores can generally be financed on the state level. Financial institutions follow guidelines such as debt-equity ratio, entrepreneur's contribution to the project etc while taking decisions on loans. It is not normal for applicants to hide their contributions in an attempt to invest the lesser amount of their own funds.

CONCLUSION

To conclude as in past years it was not an easy task for India to set up an Industry as bureaucratic requirements are required to be satisfied. However both the central and state governments are taking certain steps to improve things. Government agreements the maximum penchant to expansion of MSME by casing and implementing appropriate policies and promotional schemes like policies and promotional schemes, providing incentives for quality up gradation, concession on excise duty and provides technical supportive services. Thus Government plays significant role in the expansion and preservation of entrepreneurs.

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