



## ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT

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### ABSTRACT

Entrepreneurship plays an important role in the development of a country. It is one of the most important inputs in economic development. An entrepreneur can be regarded as a person who has the initiative skill and motivation to set up a business or enterprise of his own and who always looks for high achievements. He is the catalyst for social change and works for the common good. The number and competence of entrepreneurs affect the economic growth of the country. They look for opportunities, identify them and seize them mainly for economic gains. An action oriented entrepreneur is a highly calculative individual who is always willing to undertake risks in order to achieve their goals.

### KEYWORDS

Entrepreneurship, Economic Development, skill and motivation, social change

### Need of the Study

India is the second largest populated country in the world. In 2001, India became the second country after China to cross the one billion mark. The current population is around 1.22 billion. India occupies only 2.4% of the world's land area but it supports over 15% of the world's population. The aim of the government has been to create employment opportunities for youth while focusing on rapid economic growth. Entrepreneurship development is one of the mechanisms adopted by the Government of India towards the creation of job opportunities. The government's assumption is that support for innovation will enhance entrepreneurship development, which will in turn accelerate economic growth. An entrepreneur is indispensable. Every economy requires his or her expertise and knowledge in order to make avail of services and goods to the consumer.

### Objectives of the Study

- The entrepreneur is essential for the economic development of a country. The progress of a country will depend upon his skill and talent as well as hard work to deliver necessary goods and services required by the citizens of his or her country.
- To enumerate the role of entrepreneurs in economic development.

### Entrepreneurship and Economic Development

The entrepreneur who is a business leader looks for ideas and puts them into effect in fostering economic growth and development. Entrepreneurs can change the way we live and work. If successful, their innovations may improve our standard of living. In short, in addition to creating wealth from their entrepreneurial ventures, they also create jobs and the conditions for a prosperous society. The role of entrepreneurs is not identical in the various economies. Depending on the material resources, industry climate and responsiveness of the political system, it varies from economy to economy. The contribution of entrepreneurs may be more in favorable opportunity conditions than in economies with relatively less favorable opportunity conditions.

### 1. Entrepreneurs Generate Employment

The process of entrepreneurship activity is to reduce unemployment situation in the economy, is termed by "Schumpeter effect". Entrepreneurs provide immediate large-scale employment to the unemployed which is a chronic problem of underdeveloped nations. Entrepreneurs generate employment both directly and indirectly. With the setting up of more and more units by

entrepreneurs, both on small and large-scale numerous job opportunities are created for others. Directly, self employment as an entrepreneur and indirectly by starting many industrial units they offer jobs to millions. The available employment opportunities can cater only 5 to 10% of the unemployed. Entrepreneurship gives young people an opportunity to work on their own skills and interests and in the process, creating their own employment. In this way, entrepreneurs play an effective role in reducing the problem of unemployment in the country which in turn clears the path towards economic development of the nation.

### 2. Economic growth and development

Entrepreneurs promote capital formation by mobilising the idle savings of public. They employ their own as well as borrowed resources for setting up their enterprises. Such type of entrepreneurial activities leads to value addition and creation of wealth. Entrepreneurs can therefore, facilitate the use of these savings thereby stimulating capital formation, which is the engine of economic growth and development.

### 3. Balanced Regional Development

Entrepreneurs help to remove regional disparities through setting up of industries in less developed and backward areas. The Growth of Industry and business leads to a lot of Public benefits like transport facilities, health, education, entertainment etc. When the industries are concentrated in selected cities, development gets limited to these cities. When the new entrepreneurs grow at a faster rate, in view of increasing competition in and around cities, they are forced to set up their enterprises in the smaller towns away from big cities, thereby promotes balanced regional development.

### 4. Reduces Concentration of Economic Power

Economic power is the natural outcome of industrial and business activity. Industrial development normally leads to concentration of economic power in the hands of a few individuals. This concentration of power in a few hands has its own evils in the form of monopolies. In order to redress this problem a large number of entrepreneurs need to be developed, which will help reduce the concentration of economic power amongst the population.

### 5. Wealth Creation and Distribution

Entrepreneurship enables individuals to use their potentials and energies to create wealth through the creation of goods and services. It stimulates equitable redistribution of wealth and

income in the interest of the country to more people and geographic areas, thus giving benefit to larger sections of the society. One of the major cause of poverty is unemployment and since entrepreneurship is preoccupied with employment generation, then by extension the generation of employment will therefore reduce the level of poverty. Wealth if created will definitely reduce the incidence of poverty by empowering the citizens and increasing their access to basic necessities of life (food, clothing, shelter, security and education).

### 6. Contributes to gross national product

An entrepreneur makes much contribution to the national exchequer and to the national economy as whole. He always looks out for opportunities. They explore and exploit opportunities, encourage effective resource mobilisation of capital and skill, bring in new products and services and develops markets for growth of the economy. In this way, they help increasing gross national product as well as per capita income of the people in a country. Increase in gross national product and per capita income of the people in a country, is a sign of economic prosperity of the country.

### 7. Improvement in the Standard of Living

Entrepreneurs can change the way we live and work. The successful innovations of entrepreneurs increase the standard of living of the people they also create jobs and the conditions for a prosperous society. Entrepreneurs play a key role in increasing the standard of living of the people by adopting latest innovations in the production of wide variety of goods and services in large scale that too at a lower cost. This enables the people to avail better quality goods at lower prices which results in the improvement of their standard of living.

### 8. Promotes Country's Export Trade

Any Entrepreneur would like a greater market share. Entrepreneurs promote country's export-trade, which is an important ingredient of economic development. They produce goods and services in large scale for the purpose earning huge amount of foreign exchange from export in order to combat the import dues requirement. Hence import substitution and export promotion ensure economic independence and development. In today's competitive environment, Innovation is of utmost important to the long-term success and survival of any business. In the absence of new ideas, enterprises find it difficult to grow and eventually they do a persistent struggle to sustain in the business. He always tries to introduce newer and newer technique of production of goods and services. So, Entrepreneurs like to work in an environment of change and try to maximise profits by innovation. When an enterprise is established in accordance with the changing technology, it induces backward and forward linkages which stimulate the process of economic development in the country.

### 10. Facilitates Overall Development

Entrepreneurs act as catalytic agent for change which results in chain reaction. Once an enterprise is established, the process of industrialisation is set in motion. This unit will generate demand for various types of units required by it and there will be so many other units which require the output of this unit. This leads to overall development of an area due to increase in demand and setting up of more and more units. In this way, the entrepreneurs multiply their entrepreneurial activities, thus creating an environment of enthusiasm and conveying an impetus for overall development of the area. They also invest in community projects and provide financial support to local charities. This enables further development beyond their ventures.

### CONCLUSION

Entrepreneur's contribution to the economy is of immense value. He or she is indispensable to the economic growth of the country. His or her products are valuable to the overall development of the society. An economy is much dependent upon the performance level of its entrepreneur. He or she plays a vital role in the growth of the national income as well as raising the per capita income of the people. Based on its central role in economic development, respective governments, non governmental organizations,

community based organizations and other stake holders should promote its development in order to reap its full benefits.

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