



Sustainable Entrepreneurship and Economic Development in India

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Abstract:

Entrepreneurs indubitably plays an important role in every economy be it underdeveloped, developing or developed. Unlike businessmen, they keep innovating keeping change as constant and leaving the world with many opportunities. They also create healthy competition among aspirants and leave behind their footprints in the mind of next generation thereby creating a continuously evolving environment. Entrepreneurs in developed countries have established their role in propelling the economic growth and over a period of time created an cohesive ecosystem to continuously germinate new players. However entrepreneurship in developing and underdeveloped countries is not free from challenges. Market acceptance, funding, technical knowhow, hasty competition, infrastructure etc. poses as latent threat to entrepreneurial initiatives. While it is important to have more and more entrepreneurs for the Indian economy to grow, a sustainable approach is definitely need of the time. Hence this study is an attempt to discuss about the objective, current status, roles, influencing factors and challenges of entrepreneurship and suggest a plausible solution towards sustainability of entrepreneurs which can help the sector become a perennial source in the economic development of India.

Introduction:

Economic development essentially means a process of increase in real per capita income of a country over a period of time. Entrepreneurs serve as the catalytic agents in the process of industrialization and economic growth. Technical progress alone cannot lead to economic development, unless technological breakthroughs are put to economic use by entrepreneurs. If we talk about storage devices alone, introduction of compact disk (CD) over magnetic tapes and floppy disk was a game changer but the journey continued to DVD, Blu-Ray, USB drives, SD cards, hard disk drives and solid state drives etc. The journey not only help in advancement of technology but also created a large market worldwide contributing to the economic growth. Development does not occur spontaneously as a natural consequence even when resources are abandon. A catalyst in terms of entrepreneurial activity is needed to a considerable extent to uses capital, labour and technology to make best out of the valuable resources. The

entrepreneur is the key to the creation of new enterprises which energize the economy and revitalize the established enterprises which make up the economic structure.

The economic history of the developed countries like America, Germany, and Japan supports the fact that the economy is an effect for which entrepreneurship is the cause. If we talk about space exploration NASA have been dominating the area since decades but the emerging entrepreneurship by SpaceX reversed the design by way of technological innovations and made NASA depend on SpaceX for space exploration today. The key role played by the entrepreneurs in the development of the western countries has made the people of under-developed and developing countries cognizant of the importance of entrepreneurship for economic development. A country may have plenty of natural resources, but its economic development cannot be possible in the absence of competent entrepreneurs. This is the reason for which the developing countries like India remains underdeveloped for a long time. It is the entrepreneur who contributes towards the balanced development of a country by optimal use of its resources.

The independent India struggled fulfilling basic needs for decades and remained dependent on other countries for some or other requirements. In-house business activities in large scale remained limited to big business houses like TATA, Birla etc. However in spite of all such efforts, India witnessed a slow growth rate but the last decade was in exception. Upon a careful evaluation, it is optically visible that it was not those big business houses but the emerging entrepreneurs those have largely driven the Indian business scenario be it OYO revolutionising the hotel industry creating a large and competitive market for users, business opportunities for small hoteliers and created employment opportunity for millions. OLA not only created a convenient and cost effective market place but also emerged as a sustainable model for million vehicle owners while creating employment opportunities for drivers. Companies like Paytm creating a market place for cash free transactions, fintech companies in finance and insurance, digital marketing of retail products and many more have ignited the wave of entrepreneurship in India.

Discussion on entrepreneurship in India will remain incomplete without mentioning about Micro, Small and Medium enterprises (MSME). MSMEs have played a crucial role in the overall economic development of every developing economy in the world and India is no exception. In India, MSME sector has emerged as a dynamic sector which plays an important role towards generating employment opportunities with wider geographical distribution. It also penetrates rural to semi urban to urban markets and entrepreneurship in this sector help create digital market places, bring economies of scale, make rural produce global there by generate employment opportunities and contribute largely to the economy. Another critical role MSMEs play in India, is creating favorable environment of growth by serving as ancillary units to large scale industries. Government of India has been in many phases encouraging entrepreneurship in MSMEs. 'Make in India' and 'AtmaNirbhar Bharat' has been such initiatives in large scale with a vision to widely promote entrepreneurship in the MSME sector but in spite considerable time elapsed, both the initiatives seems to be still crawling.

Entrepreneurship undoubtedly is key to the economic growth of developing countries like India, however, the road to become an entrepreneur in India is still bumpy and the government need to be proactive in making it smooth to encourage more and more entrepreneurs to venture in to innovative activities that not only create exotic technology but will also create market and employment contributing largely to the development of the Indian economy. Larger goals like single window approach, export promotion and support, strong regulatory framework along with focused

approach on infrastructure support, capacity building, technology up gradation and skill development might be call of time.

Status of Entrepreneurship in India:

India is the 6th largest economy in the world and as the global entrepreneurship monitoring hand book (2020/21), India stands at the 20th position in global startup ecosystem index, 43rd place in world competitiveness ranking, 48th in global innovation index and 63rd in ease of doing business. It is notable that in almost all rankings india has improved over the previous years though many miles to go. Kulkarni (2020) mentioned that while the number of new firms in the formal sector grew at a cumulative annual growth rate of 3.8% from 2006-2014, the growth rate from 2014 to 2018 has been 12.2%. As a result, from about 70,000 new firms created in 2014, the number has grown by about 80% to 1,24,000 new firms in 2018, the Economic Survey 2020 said quoting the World Bank's data on entrepreneurship. The Survey notes that the entrepreneurial activity in the Manufacturing sector is highest in the regions of Gujarat, Meghalaya, Puducherry, Punjab and Rajasthan while establishments in focus are manufacturing, textiles, chemicals, metals, plastics, and pharmaceuticals manufacturing apart from service sectors and digital initiatives. Rao(2017) while analysing evolution of entrepreneurship in India found that 'new economy' entrepreneurs and their ventures differ from the 'old economy' entrepreneurs and their businesses in several respects. While asset heavy manufacturing and conventional service businesses defined the old economy, asset light, online based new service ventures characterised by rapidly changing technology represent the new economy. He also observed that the present day entrepreneurship has moved from family based business to competency based business ventures that is sustainable through continuously evolving technology.

Entrepreneurship in India has got momentum in the last decade and is growing enormously at this moment. Government of India is also framing rules, schemes in support of the new comers making the proposition lucrative. With more and more ventures joining the movement, it is not too far that entrepreneurs will be taking a substantial position in the India economy

Role of Entrepreneurs

1. Capital Formation:

Entrepreneurs are known as multipliers of growth who aim at exponential growth through their innovative technology and market approach. They usually mobilise the idle savings of the public and invest in productive utilisation of national resources. They also increase the business value in manifold by issuing initial public offering and participating in bonds and securities. This giving back principle help create many investors and create curiosity among others to look for such opportunities. Today the Indian entrepreneurship funding market is largely dominated by such venture capitalists who not only engage in finding but also extend possible support in sustainable capital formation.

2. Generation of Employment:

Entrepreneurs create employment opportunities both directly and indirectly. They help co create a favourable environment by which more and more Self-employment as an entrepreneur were attracted for independent and honourable life directly. With growing entrepreneurial activities and by setting up business units, entrepreneurs offer jobs to millions indirectly. Thus, entrepreneurship helps to decrease the unemployment problem especially in a labour intensive country like India.

3. Balanced Regional Development:

With growing entrepreneurial activities, it is not only metros or well-known places with large scale industries remain prominent but help extend recognition to places with a larger geographical spread, be it Arunachal Pradesh or Odisha. They help taking regional products global giving them due price and contributing to their economic development and hence indirectly increasing the per capita income of the state and the country. With such wide spread activities, the development is not concentrated but became a balanced regional development.

4. Economic Independence:

Value addition has played a key role in Entrepreneurship that not only help in developing self-sufficiency among people but also help them live a quality life. The AtmaNirbhar Bharat campaign of the government of India helped Industrialists to produce indigenous substitutes of imported products thereby reducing dependence on foreign countries and making the country self-dependent. Some sectors have also seen export promotion and earned foreign exchange for the country helping in the economic independence of the country. Not only had the economic independence of the country but the activity helped in the economic independence of millions of households. Taxi aggregators like OLA and UBER have helped in the economic independence of millions of Indian drivers.

5. Linkages Effect:

Entrepreneurial initiative has a chain reaction which has both backward and forward linkages. An initiative may generate direct employments and revenue generation but in order to serve the mother unit, many feeder ancillary units may be required which in turn creates further employment and generates revenue. A steel plant established in Jamshedpur is no more remained as a plant only but the economic activities turned it to become a city today with extending entrepreneurial activities to social, educational, health care and many more. Hence linkage effect helps in sustainability and with its continuous effects, make it long term.

6. Wider market:

Regional activities in entrepreneurship often results into creation of a variety of business in wider scale across length and breadth of the country. These business initiatives engaged in various activities create a market for each other and promotes economic development and growth. Market development can be done at both indigenous and export level. While facilitating produces of one region reaching the other and creating a cross competition inside that will lead to compete among each other to create better products which in turn will help open the door to explore farthest countries where the indigenous products meet global standard.

Challenges in Developing Countries:

The role of entrepreneurship in economic development varies from economy to economy. Primary factors like political stability, availability of natural resources, Finance and investment opportunities, industrial infrastructure, global acceptance etc. determine existence and growth of entrepreneurs in an economy. While developed countries already have these requisites that creates a conducive environment for new entrants to come and experiment ideas, the developing countries like India are still walking the path. Are these challenges correctable, yes but might require focused approach and faster execution.

Scale of operation: Under the conditions of dearth of funds and the problem of imperfect market, the entrepreneurs are bound to initiate their enterprises on a small scale. Also initiator entrepreneurs are preferred in such regions.

Thus, initiation of innovations introduced in developed regions on a massive scale brings about rapid economic development in underdeveloped/developing regions.

Work force: Availability of workforce is an essential requirement but what is effective in entrepreneurial enterprises are adequacy of quantity of labour, appropriately skilled qualitative workforce and the cost of labour. Although the developed countries meet the quality criteria in abundance but missed the quantity element. Also the high cost of labour make their produce non-competitive. In countries like India which have abundance of the labour force with low cost of acquisition but deficient largely on quality workforce that resulted in missing the fine calibration in the finished products which in turn fail to compete in the global market and fail to fetch better price.

Business knowledge and market research: Gone are those days of traditional business practices as the evolution from barter system has reached a level of auto understanding requirements and suggesting through artificial intelligence. With every market place going smart by using innovative business tools, it is imperative also for developing countries to match the pace. Developing countries like India are still far behind in terms of adopting state of the art technology in large scale and framing adequate rules to govern data protection.

Psychological factors: Unlike developed countries, India has a laidback socio-psychology phenomena. Venturing any new area of business comes with its own inherent risk and entrepreneurs in countries like India are primarily exposed to the same. In such topsy-turvy situations, instead of morally supporting the entrepreneur, our society push them back with psychologies filled with fear factor. However with more and more success stories coming during this decade, the both the social and psychological factor seems to have improved India. A further scope of study in this area might throw light on the actual scenario.

Legal and compliance: The legal and compliance framework to initiate and run a business in India is complex even after many simplification initiatives by the government at various stages. Finance, taxation, environment, municipality, safety, employee protection, power, product standard and an unending list need to be complied with in order to initiate an initiative. Such complex method stand as road block discouraging entrepreneurs at the initial stage while at a later stage regular compliances and enforcements put them into the web of frustration that divert their focus from the core activity.

Discussion and Suggestions

With the scope and challenges of entrepreneurship in developing countries like India, it is worthwhile to discuss about a sustainable approach that not only exist in long run but evolve continuously at global pace. Sustainable entrepreneurship has two facets. Self-sustainability and sustainability of the ecosystem having innovation at its epicentre. Schaltegger and Wagner (2011) characterise sustainable entrepreneurship as solving societal and environmental problems through the realization of a successful business and promoting sustainable development through entrepreneurial corporate activities. They also mentioned sustainable entrepreneurship as a progression of ecopreneurship, social entrepreneurship, and institutional entrepreneurship, each of which shows a different emphasis on the solution of ecological, social and financial issues. Adams et al. (2016) add that a sustainability driven innovation approach entails improving 'products, processes or practices to serve the specific purpose of creating and realizing social and environmental value in addition to economic returns. As per (Roundy, 2017), A

multi-stakeholder approach is required where academia, entrepreneurial ecosystems, research institutions, non-profit organizations, consumers, the government and industry players contribute to sustainability and circular economy approaches. (Viswanathan et al., 2007) highlighted that sustainability-driven firms manage a network of mutually advantageous relationships with stakeholders, and creating such collaborative partnerships is more beneficial in the long term than merely working on the profit maximization principle. However, in India the road map of entrepreneurship is still at dawn where many roads are yet to be sunny.

For the self-sustainability of entrepreneurs in India a focused approach on the below are suggested

1. Tax heaven: As the initial roads for every entrepreneurs is a difficult road to travel the government of India have been declaring many schemes to protect the group from the adverse effect of taxation. However the large players took the advantage in some or other way bypassing the cogent motive which leave behind the crawling entrepreneurs at back foot. Hence it is suggested that the instead of creating a tax heaven for all, a customised scheme for the men-in-need might help the larger group of entrepreneurs to sustain in the market.
2. Infrastructure: Infrastructure plays a key role in every business activity and the pace in comparisons to similar countries is slow in India. We have discussed about the scope of equal regional development which cannot be effective without having a proper transport network. Be it power infrastructure, storage, cold chain, technology or shipping, the government of India is suggested to invest in self-sustaining partnership models with bespoke infrastructures to cater to need of various entrepreneurial activities.
3. Market place: What is the value of a products if remain unsold? Hence not only production but, it is important to have a market place to sell the product at a cost effective price. With the pace of time, it is suggested that government in association with digital market places like Amazon should open the gate to the world.
4. Skill development: If India is planning to become a \$5 trillion economy, the entrepreneurship activity need to pace up and to support the speed of the entrepreneurial activity, supply of adequate skilled workforce is essential. India being a populous country has no scarcity of work force but with required skill set. Hence it is suggested that on the key sectors, government must encourage private players to start vocational trainings at a subsidized rate to create sufficient skill force.
5. Incentive: To correct something, incentive work better than penalty. In order to keep aligning the diverse entrepreneurial activities, it is suggested to use incentive as a tool to drive the concerned sector. As has been the recent PLI scheme of the government of India is being declared for selective large scope industries only but need to be extended to wider sectors reaching farthest regions helping them to stay competitive even at lean seasons.
6. Protection from completion: Be it competing against an established large industry player or a global market leader, it has been always a fearful task in part of a new entrepreneur. In order to fill that fear factor, the government may frame such policies to protect the interest of the small players for certain period of time. Some kind of special certification endorsing quality, promotion by government bodies, price protection etc. may be planned.
7. Rehabilitation and Backup plan: All good when everything is good; but accidents never come with prior intimation. Hence a properly designed plan may be kept ready at rescue for any entrepreneur getting cold feet. Upon genuine reasons, adequate support need to be provided at common cost to revive the industry by

extending support in terms of technological upgradation, capital infusion, expert consultation etc. after appropriate evaluation.

8. Regulatory framework: It is also suggested to establish a customised regulatory body to frame appropriate rules, define the boundary of operation, monitor progress and extend an overarching view from government's perspective along with adequate control mechanism to regulate their activities towards a sustainable approach.

Conclusion

India after a long delay has started observing visible growth in entrepreneurial activities however, it will have no meaning without having sustainability. Sustainable entrepreneurship can be executed through step by step policy frame work that keep balancing the activity starting from establishing the business unit to clearing compliances through a single window operation, facilitating with appropriate infrastructure and ensuring smooth supply of raw materials. Apart from making the unit running, necessary arrangements to support in promoting the produce until it attains global recognition and extending price protection until it reaches self-sufficiency. The arrangements also need to be made to understand the evolving sentiments of the emerging entrepreneurs and devise appropriate mechanism by constituting a core advisory committee comprising of industry experts. The goal is not only to invite entrepreneurs but to help them stay sturdy so that the larger goal of addressing perennial problems of unemployment, slow economic growth, earning foreign exchanges, creating level playing field, competing with global markets and many more can be attained and sustained.

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