

Role of Entrepreneurship in the growth of an economy

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Abstract:

This paper discusses the role and importance of entrepreneurship in developing any economy. It includes understanding entrepreneurship and its contribution to individual progress, community, and society. The various benefits of entrepreneurship include wealth generation, job creation, a decrease in regional disparity, enhanced GDP, improved living standards, and overall community development. It emphasizes the initiatives taken by the present Government headed by Shri Narendra Modiji through its path-breaking schemes like Startup India, Skill India, and Digital India.

Keywords: Entrepreneurship, Economic, Growth, Community development, Employment opportunities

Introduction

What is Entrepreneurship


Entrepreneurship is starting one's own business. Business emerges from a need in society for a product/service yet to be solved. In manufacturing and delivering this product or service to the market, the entrepreneur creates a job for himself. The Business leader, an entrepreneur, looks for ideas and puts them into effect in fostering economic growth and development.

Entrepreneurship at the heart of Economic Growth

Entrepreneurship is influential in the country's economic growth and standard of living. Being a startup founder or a small business owner, you may assume the amount of hard work to build and sustain the business and provide for yourself and your lineage. The value you provide for your community, state, and country is much more. Below are the top 7 crucial roles an entrepreneur plays in the economic development of a country.

Many young, fearless, and stubborn entrepreneurs in the country have chosen the path filled with a wave of struggles and learnings, and this entrepreneurial spirit has led to the results not just in innovation but also in entrepreneurship itself, being recognized as the driving force of the market. Innovation is crucial for a thriving economy, especially in today's rapidly increasingly competitive world. In India, entrepreneurship accelerates innovation in IT, Health Care, etc., and generates solutions to many such problematic areas. India has witnessed several innovative ideas turned into businesses driven by startups, thus leading to entrepreneurship emerging as a valuable source of the country's economic growth.

In several ways, entrepreneurship supports the economic development of a country. It contributes to innovativeness in product improvement and is crucial to employment creation. Another crucial aspect to consider is that in the context of the Indian market, economic growth is more inclusive, primarily when it is led by entrepreneurship. Hence, governments at the Centre and State levels have taken a keen interest in boosting the entrepreneurial ecosystem as they realize the benefits of entrepreneurship to the country's economic growth



The economic downshift is one of the main reasons that has led to a downturn in job opportunities in the country. Entrepreneurship plays a pivotal role in creating jobs that help to deal with the rise of unemployment amongst the youth. An entrepreneur is also building a structure for small to large-scale employment. As these enterprises grow, employment opportunities increase. In India, many startups that started as home-based ventures are today employers to hundreds of individuals. A company/entrepreneur with an innovative idea has the power to build employment and, in turn, stimulate the economy.

Besides employment, another area witnessing development under entrepreneurship is modernization in the country's regional areas or Tier II cities. Due to financial limitations and competition in the metro cities, entrepreneurs set up industries in Tier II cities. Some State Governments like Kerala, Maharashtra, and Tamil Nadu are offering schemes/incentives for setting up SMEs in Tier II and III cities. The growth of businesses in these cities leads to several public benefits in the area, like better transportation, health facilities, education, etc., thus encouraging balanced development in the country, leading to more and more entrepreneurs setting up bases in their hometowns due to affordable costs and sensible talent, driving investor attention and incubation centers to these cities too.

This brings us to another pivotal element of the standard of living. Ensuring people can afford good quality goods at reasonable prices and availing of quality services is a crucial feature of a developing economy. Today, the entrepreneurial-driven economy is the answer to this need as it drives innovation in manufacturing goods and services, leading to the availability of goods at lower costs and making them more affordable. Entrepreneurs explore opportunities and effectively utilize resources to create new goods and services. As these are for consumption within the country, this will eventually lead to the growth of national income and consistently reduce our import dependency, strengthening the economy.

Without a doubt, entrepreneurs are catalysts of change and innovation. Entrepreneurship stems from the need to fill a market gap, which sets the entire development process in motion. The growth of entrepreneurship in our country has triggered various economic benefits, together with new businesses, jobs, and products and services. The Government now also needs to play its part in encouraging this development and provide opportunities for education directed towards building entrepreneurial skills and passing clear plans/policies to strengthen the entrepreneurial ecosystem in the country.

Importance of Entrepreneurship to the economy



Entrepreneurship is one of the essential sources of a country's economic development. The entrepreneur is considered a trigger head to give the spark required to initiate economic activities through his entrepreneurial decisions. They play an essential role in the development of the industrial sector of a country and also in developing other vital sectors. Below are the significant roles played by an entrepreneur that impacts the economic development of a country's economy (systematic and orderly manner as follows.)

(1) Promotes the formation of Capital:

Entrepreneurs promote the Formation of Capital by mobilizing the idle savings of the public. Although they employ their own, they also borrow resources for setting up their enterprises during the foundation phase. Such activities lead to value addition and the creation of wealth, which is essential for the economic and industrial development of the country.

(2) Creates Employment Opportunities

With the setting up of businesses, immediate large-scale employment opportunities are provided by entrepreneurs. Unemployment has been a chronic problem in underdeveloped nations, but with a continuous supply of units by entrepreneurs, numerous job opportunities on both small and large scales will be created. As time goes on, these enterprises grow, and the scope of providing direct and indirect employment opportunities increases. In this way, entrepreneurs play an important and influential role in employing in underdeveloped nations, clearing the path toward the nation's economic development.

(3) Promotes Balanced Regional Development:

Entrepreneurs help to remove regional disparities by setting up industries in underdeveloped areas. The growth of businesses and industries in these areas leads to many public benefits like road transport, health, education, entertainment, etc., setting up more industries leads to more development of backward regions and thereby promotes balanced regional development.

(4) Reduces Concentration of Economic Power:

The natural outcome of business and industrial activity is

Economic power. Industrial development typically leads to the concentration of economic power resulting in Industrial development, which falls in the power of a few individuals, and this results in the growth of monopolies. The solution to this is that the concentration of economic power amongst the population

needs to be reduced by developing a large number of entrepreneurs.

5. Creation and Distribution of wealth:

It encourages equitable redistribution of wealth and income in the country's interest to more people and geographic areas, thus benefiting larger sections of the society. Entrepreneurial activities also generate more and have a multi-ripple effect on the economy.

6. Growth of Per Capita Income and Gross National Product:

Entrepreneurs are constantly on the lookout for opportunities. They explore and exploit opportunities, promote effective resource mobilization of capital and talent, bring unique products and services, and create markets for the economy's growth. In this way, they help increase the gross national product and the per capita income of the people in a country. The rise in gross national product and per capita income of the people in a country is a sign of economic growth.

(7) Improving the Standard of Living:

An upsurge in the people's standard of living is a distinctive feature of the country's economic growth. Entrepreneurs play a crucial role in increasing people's standard of living by adopting the latest innovations in delivering a wide variety of goods and services on a large scale at a lower cost. This enables people to avail themselves of better quality goods at lower prices, improving their living standards.

(8) Promotes Country's Export Trade:

Entrepreneurs help promote a country's export trade, an essential component of economic growth. They deliver goods and services on an enormous scale to earn vast amounts of foreign exchange from export to combat the import privileges requirement. Thus import substitution and export promotion guarantee economic liberty and development.

(9) Induces Backward and Forward Relations:

Entrepreneurs prefer to work in an environment of change and endeavor to maximize profits via innovation. When the changing technology establishes a business, it induces backward and forwards linkages, stimulating the country's economic

growth process.

(10) Promotes Overall Development:

Entrepreneurs act as catalytic agents for transformation, which results in a chain reaction. Once a business is established, industrialization is set in motion. This unit will forge demand for various types of units required by it, and so many other units require the output of this unit. This leads to the overall expansion of an area due to an increase in demand and the setting up of more units. In this way, the entrepreneurs multiply their

entrepreneurial actions, thus forming an environment of enthusiasm and communicating momentum for the overall expansion of the area.

Conclusion:

People have started to realize that to achieve the goal of economic growth. It is necessary to boost the country's entrepreneurship qualitatively and quantitatively. It is only dynamic and passionate entrepreneurs who fully explore the potentialities of the country's public resources – labor, technology, and capital. Thus it is transparent that for fuelling the growth of any economy, Entrepreneurship development is a must. Therefore our Government, led by the dynamic leadership of Shri Narendra Modi, has emphasized Entrepreneurship development and commenced a series of moves like startup India, skill India, and Digital India and has achieved tremendous progress in motivating the youth toward entrepreneurship.

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