

## Entrepreneur and Role of an Entrepreneur in Indian Economy

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### ABSTRACT

Entrepreneur is an Economic Agent who plays a vital role in the economic development of a country. Economic development of a country refers steady growth in the income levels. This growth mainly depends on its entrepreneurs. An Entrepreneur is an individual with knowledge, skills, initiative, drive and spirit of innovation who aims at achieving goals. An entrepreneur identifies opportunities and seizes opportunities for economic benefits. This paper describes qualities of an entrepreneur and a brief view of the role of entrepreneurs in the development of Indian economy. The data has been collected from secondary sources. Further, this paper represents present status of entrepreneurs in Indian and list of top entrepreneurs in India.

**Keywords--** Development, Entrepreneur, Economy and India

### I. INTRODUCTION

The word "Entrepreneur" is derived from the French verb 'entrepredre'. It means 'to undertake'. In the early 16th century the Frenchmen who organized and led military expeditions were referred as 'Entrepreneurs'. In the early 18th century French economist Richard Cantillon used the term entrepreneur to business. Since that time the word entrepreneur means one who takes the risk of starting a new organization or introducing a new idea, product or service to society.

Entrepreneurship is a dynamic activity which helps the entrepreneur to bring changes in the process of production, innovation in production, new usage of materials, creator of market etc. It is a mental attitude to foresee risk and uncertainty with a view to achieve certain strong motive. It also means doing something in a new and effective manner.

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. 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.

In simple terms, Entrepreneur means a person who undertakes the risks in origin of an enterprise. An entrepreneur is one who starts, runs the new startup or an organization, develops a plan for business, attains investing, and hiring employees for profit making purpose. An entrepreneur is not only an employer but also a capitalist. The entrepreneur plays a vital role towards the development of country's economy.

### DEFINITIONS

"An Entrepreneur is the economic agent who unites all means of production; land of one, the labour of another and the capital of yet another and thus produces a product. By selling the product in the market the pays rent of land, wages to labor, interest on capital and what remains is his profit".

-- J.B. Say

"An entrepreneur in an advanced economy is an individual who introduces something new in the economy, a method of production not yet tested by experience in the branch of manufacture concerned, a product with which consumers are not yet familiar, a new source of raw material or of new market and the like".

--Joseph Schumpeter

"An entrepreneur is the agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future". To conclude an entrepreneur is the person who bears risk, unites various factors of production, to exploit the perceived opportunities in order to evoke demand, create wealth and employment.

--Cantillon

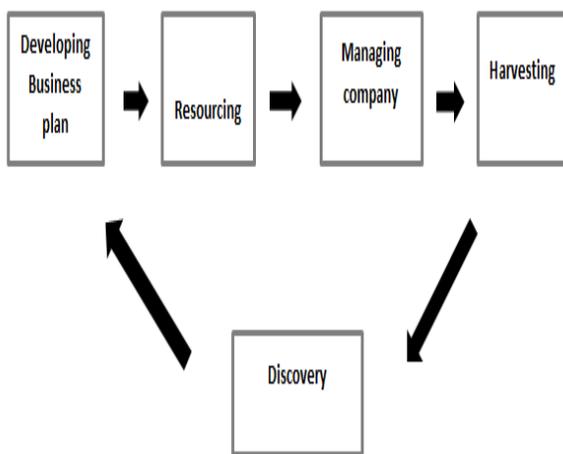
Entrepreneur is an individual who start and runs the company by self. Being an entrepreneur he /she invest the capital for the startup and achieve the financing, also hire

the employees in the hope of profit. Entrepreneur plays a prominent role in getting change in the society towards business concerns. Entrepreneur is a:

- Founder
- Sole-trader
- Financier
- Manager
- Organizer
- Promoter
- Executives
- Impresario etc.

#### **ENTREPRENEURIAL PROCESS:**

To establish and run an enterprise, the entrepreneur needs to follow a process. Such process of striving for a new venture is personified in the entrepreneurial process. This process has no end. An entrepreneur must find, evaluate and develop an opportunity by overcoming the risks in the process of creating something new. Simply, an entrepreneurial process is which a new enterprise is created by an entrepreneur. It has 5 distinct phases which are shown in the below figure.



**Figure: Entrepreneurial Process**

#### **STEPS:**

- Developing business plan.
- Resourcing.
- Managing company.
- Harvesting.
- Discovery.

## **II. QUALITIES OF AN ENTREPRENEUR**

An entrepreneur has the ability to run their start-up. He/She must realize that the know nothing and there is need to be aware of all the things that are surrounded by the business environment. The leading qualities of an entrepreneur are spotlighted in below:

**1. Need to achieve:** Entrepreneurs have got strong desire to achieve higher goals. Their inner self motivates their behaviour towards high achievement: most of the people

dream of success but do not take any action towards achieving these dreams. Entrepreneurs with high n-Ach factor act continuously to achieve the goal and make their dreams come true. For them, winning is achievement.

**2. Independence:** Most of the entrepreneurs start on their own because they dislike to work for others. They prefer to be their own boss and want to be responsible for their own decisions.

**3. Risk-bearing:** Entrepreneurs are the persons who take decisions under uncertainty and thus they are willing to take risk, but they never gamble with the results. They choose moderate risk rather than play wild gamble. They, therefore, undertake calculated risk which is high enough to be exciting, but with a fairly reasonable chance to win.

**4. Locus of control:** According to Rotter's locus of control theory, an individual perceives the outcome of an event as being either within or beyond his personal control. Entrepreneurs believe in their own ability to control the consequences of their endeavor by influencing their socio-economic environment rather than leave everything to luck.

**5. Perseverance:** Entrepreneur has got the quality of sticking to job he decides to undertake. Once committed to a specific goal and course of action, entrepreneurs become absorbed to it. They personally solve the problems that come across their way while setting up the project. They also work sincerely until the whole project is successfully implemented.

**6. Positive self-concept:** Entrepreneurs are always positive in their action. Being an achiever, he directs his fantasies and dreams towards achievement of worthwhile goals and sets extraordinary standard of excellence in what he is doing. This is based upon his awareness of SWOT analysis, i.e. his strengths, weaknesses, opportunities and threats. He utilizes his positive knowledge to support his thinking. He never exhibits any negative attitude.

**7. Ability to find and explore opportunities:** Entrepreneurs are always alert to opportunities. They are very much quick to see and grab opportunities. They exhibit an innovative turn of mind and convert the problems into viable opportunities. They plan intellectually and anticipate carefully how to achieve their goals in realizing an opportunity.

**8. Flexibility:** Most of the successful entrepreneurs measure the pros and cons of a decision and tend to change if the situation demands. They never feel reluctant to revise their decisions. They are the persons with open mind without rigidity.

**9. Sense of efficacy:** Entrepreneurs are always oriented towards action for accomplishment of their goals. Being confident of their abilities, they find themselves as problem solvers rather than problem avoiders. They chalk out their goals for future and make planning to achieve them.

**10. Openness to feedback and learning from experience:** Successful entrepreneurs like to have

immediate feedback of their performance. They modify their plans on the basis of the feedback they receive from the environment around them. They learn from their experience and never get discouraged having received unfavorable information. On the contrary, they are stimulated by unfavorable information to involve themselves sincerely in their own tasks to reach their desired goals.

**11. Confronting uncertainty:** Successful entrepreneurs are always optimistic and take every odd as the opportunity. They maneuver their environment in such a way that the works get accomplished rationally. Thus, they win by the application of their extra ordinary insight and skill.

**12. Interpersonal skills:** Entrepreneurs are always comfortable while dealing with people at all levels. They interact with raw material suppliers, customers, bankers, etc... for different activities. As successful entrepreneurs, they should be persons who like working with others possessing the much needed quality of interpersonal skill to deal with people.

**13. Need to influence others:** Once the entrepreneurs set their goals, they have to play the roles of manager too. For influencing others (n Power), a low need to establish emotional relationship (low n Affiliation), and a high need to discipline one's own self (to inhibit over expression of their personality) are essential.

**14. Time orientation:** Entrepreneurs anticipate future trends basing upon their past experience and exposure. They stick to the time pragmatically while doing their jobs.

**15. Innovators:** Successful entrepreneurs are innovators. They constantly put their efforts in introducing new products, new method of production, opening new markets and recognizing the enterprise.

**16. Business communication skill:** In order to motivate others in the business entrepreneurs must possess good communication skill. Both written and oral communication skills are necessary for the entrepreneurs for running enterprise efficiently.

**17. Telescopic faculty:** Successful entrepreneurs always tend to think ahead. They have gottescopic faculties which make them think for the future. Future orientation makes them quite alert to the changing conditions of the time and they tend to produce goods and commodities as per the changing demands.

**18. Leadership:** Entrepreneurs should possess the quality of leadership. Leadership is the ability to exert interpersonal influence by means of communication towards the achievement of goals. Entrepreneurs as the leaders should provide the necessary spark to motivation by guiding, inspiring, assisting and directing the members of the group for achievement of unity of action, efforts and purpose. Hence, entrepreneurs by their own leadership styles and behaviour reduce the problems by proper handling of situations. Good administrative work depends upon effective leadership of the entrepreneur.

**19. Business planning:** Planning implies deciding in advance what, when and how to do a thing. Entrepreneurs should be equipped with skill and knowledge to prepare their business plan. A successful entrepreneur always follows the principles of management while planning for his business. The planning can act as a bridge between the present position and expected future shape of the enterprise. It provides a sense of vision to the entrepreneurs to cope with risky and uncertain situation.

**20. Decision making:** Decision-making skill is a fundamental characteristic of an entrepreneur. This implies the function of choosing a particular course of action at every stage of creation of an enterprise out of several alternative courses for the purpose of achieving specified goals. Hence, decision making is necessary at all times and mostly at conditions of uncertainty and risk.

**21. Ability to mobilize resources:** Entrepreneurs must have the ability to marshal all the inputs to obtain the end product. They have to mobilize 6Ms, i.e. Man, Money, Material, Machinery, Market and Method effectively to realize the final product as entrepreneurship is a function of gap filling and input completing.

**22. Self-confidence:** Entrepreneurs must have self-confidence to accomplish the task effectively and efficiently. They must take decisions on their own in uncertain and risky situation and should stick to it confidently even if there occurs initial setbacks.

### III. ROLE AND CONTRIBUTION OF AN ENTREPRENEUR IN INDIAN ECONOMY

An entrepreneur can be treated as a person who has initiative skill and motivation to build a business on his own. She/he always looks for great achievements. They seek for opportunities and capture them mainly for the purpose of economic profits. The widely accepted known fact is that dynamic and enthusiastic impresario does can only explore the abilities of the countries availability of resources like men, money and machinery. The following describes the role of entrepreneur and his/her contribution towards the growth in Indian economy.

#### 1. IN DEVELOPING COUNTRY'S ECONOMY:

The entrepreneur is very essential for the development of country's economy. The country's economy depends upon his/her tactics and talents. The realistic change in per capita income of a country increases over a long period of time; such process of upward change is essentially meant to be economic development. A developing economy is extreme different from developed economy.

#### 2. PROVIDES OPPORTUNITIES:

A developing country like India requires entrepreneurs who are having the necessary skills regarding new opportunities and are eager to unwelcome the risks. A developing country needs to be brought out of the huge circle of low income and poverty. Entrepreneurs

perform an important role in getting the change in a developing economy in developed economy.

### **3. EMPLOYMENT GENERATION:**

Unemployment is a stubborn problem in India, not only in India but also in other developing and underdeveloped countries. Entrepreneurs can stimulate the economy by providing employment to the employees (either directly or indirectly) and reduce the problem of unemployment in respective nation.

### **4. WEALTH CREATION:**

They make the static funds move in order to promote the formation of capital. The funds that they use are may be their self and borrowed. It leads to the creation of wealth which is very useful for the development of an economy. The intention that is behind the creation and sharing of wealth is to make wealth as a tool for bringing the revolutions to build the new India.

### **5. INDUSTRIAL GROWTH:**

The small-scale industrial sector which plays an important role in the Indian economy in terms of employment and growth has recorded a greater rate of growth since Independence in spite of tough competition from the large sector and not so-encouraging support from the government. Increase in the number of small firms results in the more innovations and make the Indian industry to undergo competition in the international market.

### **6. BETTER PRODUCTION:**

Entrepreneurs help to make the substitute to import product which reduces the dependence on foreign countries. They are able to produce quality goods at cheaper costs based on their requirements. By this way they can enhance the living standards of the people. Entrepreneur's contribution to the economy has immense value. Consumerism is gaining ground even in the developing countries where as India's is a consumer society. Anyways the developed countries thrive on consumerism.

### **7. PROMOTES INTERNATIONAL TRADE:**

Naturally the role of an entrepreneur is significant in developing the innovative products and enhances the people's luxurious living standards of respective country. He/she can also promote international trade by selling their products abroad for the purpose of economic stimulation in their home country.

### **8. DISPERSAL OF ECONOMIC POWER:**

Developing a huge number of entrepreneurs helps in dispersing the economic power amongst the population which helps in awakening the dangerous effects of sole-trader ship.

### **9. INTRODUCES NEW TECHNOLOGIES TO THE MARKET:**

Entrepreneur's history making practices brought up with new a technology which helps in the creation and production of new products and services. For instance, Bill

Gates founded Microsoft that led to the creation of much other software that everyone of use today.

### **10. FACILITATES OVERALL DEVELOPMENT:**

Once an enterprise is build, the process of industrialization is set in dynamic which leads to overall development of particular area due to increase in demand. By this way entrepreneurs can enhance their entrepreneurial activities and thus creating a new enthusiastic environment and conveys that overall development of the area.

## **IV. PRESENT STATUS OF ENTREPRENEURS IN INDIA**

In the past 20 decades the Indian economy has drastic changes. India in the recent past has witnessed a great growth of enterprises with large business opportunities. A lot of startups postponed profitability in terms of growth.

The demonetization drive in recent months has led to a huge number of businesses made a shift towards 'going digital' and subsequently going international and in this scenario. It became must for businesses to differentiate itself among its rivals.

About 60.5 percent of the respondents want Indian economy to enhance in the upcoming months at national (India) wide. Regardless falling of product prices and uncertainty in global economic scenario, just gone survey has shown that 75.8 percent respondents from India reported their wish to start new startups in their present economic environment.

A survey by 'Go Daddy'-'future-of-work survey'(Oct 24,2016) a technology provider committed to minor startups covered 1,200 respondents approximately in India . The survey found that 'A remarkable 85% of aspiring and present entrepreneurs in India respond that they are relentless in the pursuit of entrepreneurial success'. Most of the Entrepreneurs are likely to start their own businesses in India other than Australia, Brazil, Canada, China, Hong Kong, Turkey, Singapore, US and UK.

In the case of employees, about 56 percent of entrepreneurs in India expect an increase in the number of employees in upcoming 6 months .More numbers of entrepreneurs in Delhi have a favor outlook and positive expectation on their financial access and the overall changes in the Indian economy to come in the months.

*"The emerging and newer generations of India's entrepreneurs are embracing technology like never before. Sixty seven percent budding entrepreneurs say that recent technologies have created newer business opportunities and 72% of the respondents believe that online channels are important to be attractive to their customers,"* said Andrew Low Ah Kee, Executive Vice President, GoDaddy International.

**TOP 10 STARTUPS TO WATCH OUT FOR IN 2017**

RANK	STARTUP NAME	SERVICES OFFERS
1	Byju's	Provides learning programmes for class VI to XII students and preparation programs for JEE,CAT,IAS,GRE and GMAT.
2	MeraGao Power	High quality, dependable lighting and mobile phone charging services.
3	Navya network	Online platform for cancer patients and their families.
4	Forus health's 3nethra	Technical screening of common eye problems which can lead to blindness.
5	Zenatix	Provides an energy analytics products.
6	Achira labs	lab-on-chip platform to perform rapid, quantitative and multiplexed immunoassays(protein tests) at low cost.
7	Social Cops	Plays a role in driving healthcare policy, building smarter cities and improving education outcomes.
8	Goldfarm	India's emerging Agri Platform, empowering Farmers lives through one point solution platforms for all farming needs.
9	Leafwearables	SAFER, a safety device to trigger alarm and send signals to pre-defined phone number in case of emergency.
10	Innoflaps	Provides devices for speech, who are suffering from problem of stammering, delay speech and language.

**Table:** List of top 10 Indian startups to watch out for in 2017.

## V. RECENT INITIATIVES TAKEN BY THE INDIAN GOVERNMENT TO BOOST ENTREPRENEURS AND STARTUPS

The definitions of start-up (only for the purpose of Government schemes) are:

- An entity incorporated or registered in India
- Not older than five years,
- Annual turnover does not exceeding INR 25crore in any preceding financial year,
- Working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.

The widely known fact is that the startups are risky in nature. But a successful enterprise founder tries to reduce risk promote business venture through proper planning and relevant skill development.

On February 28<sup>th</sup>, 2015 during his budget speech, current finance minister ArunJaitley said that *"If we really want to create jobs, we have to make India an investment destination, which permits the start of a business in accordance with publicly stated guidelines and criteria."* As per The EY G20 Entrepreneurship Barometer 2013 report *"The power of three: Together, governments, Entrepreneurs and corporations can spur growth across the G20"*.

India ranks at the bottom in terms of education and training for entrepreneurship. The **important** highlights of the reports states that India is the home for nearly 3000+ startups and stood as 3<sup>rd</sup> largest in the planet. 800 above startups are setting up annually in India every year. By 2020, a projected 11,500 startups are going to emerge.

Addressing the gathering during the Startup in India, Our current Prime Minister Narendra Modi announced certain policies which are beneficial for upcoming entrepreneurs. They welcomed these policies and are expecting that this policy leads to the better growth for startups in India.

The eight notable things welcomed by the entrepreneurs about PM Modi's Startup policy in 2016are highlighted below:

- **Now run your own business with ease.**
- **No Capital Gains tax for startups.**
- **Single point access.**
- **Special schemes for women entrepreneurs.**
- **Bringing sector-specific incubators.**
- **Startup profits not taxable for first three years.**
- **Patent fees for startups to be slashed by 80 percent.**
- **Rs. 10,000cr fund for startups @2500 cr each year for the first 4 years**

## VI. CONCLUSION

This research study focused on Entrepreneurs and their role towards Indian's economy. As stated above the entrepreneur not only provides funds to start his/her business but also provides employments for unemployed which is a major problem in India and there is necessary to

make India unemployment free. In today's world people are not expecting big enterprises to guarantee the jobs for them. Individuals are increasingly realizing that to seek out their opportunities by themselves. To be successful in business practices it needs entrepreneurship and creativity which are relevant in for-profit and non-profit business enterprises. There is necessary to provide better living standards for the society which is majorly possible with an entrepreneur who has their own ability to think and make better decision-making. Their innovations may improve our living standards. Shortly, besides creating the wealth from their entrepreneurial startups, they also create employment.

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