

# Entrepreneurship: Solution for Socio-Economic Development

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**Abstract** Increasing unemployment in most of the developing countries has become main hindrance behind decreasing livelihood standards and poverty. The per capita income has been decreasing rapidly and the poor are becoming poorer. Even the literates are not able to generate income as per the needs and suffering from underemployment or unemployment. There is a huge skill shortage seen in the qualified graduates as per the industry standards. India has a large population of such literate unemployed pool of labor force which is not able to economically contribute in the society and the nation. The main challenge in front of governments is how to enhance the economic empowerment in the society. The economic empowerment of these excluded literate youths in the country can play a major role in boosting the economy at a local level. There is a need for an entrepreneurial environment which can facilitate entrepreneurs to start their own ventures and develop micro economy. Skill based special trainings and awareness about entrepreneurship among students can be the solution. Information dissemination, financial access, mentoring and business incubation facilities in the education institutions could be few of the steps in this regard. Entrepreneurship attitude among this enormous pool of unemployed literates can increase the trades activities and jobs creation in the local market. Thus an efficient education system pertaining to the industry demands and focused towards empowering the literate youths is need of the hour.

**Keywords:** Entrepreneurship, Economic Empowerment, Jobs Creation, Unemployment, Efficient Education System, Skill Shortage, Poverty, Entrepreneurship Environment, MSMEs, Development

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## INTRODUCTION

**A**s the world economy suffering from increasing unemployment, poverty and other economic crisis, the recognition of entrepreneurship development has been increasingly significant as a source of job



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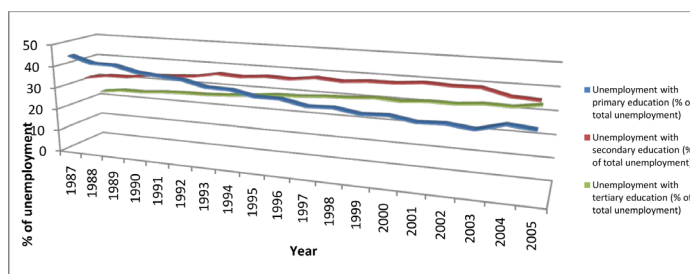
creation, empowerment and economic dynamism. One of the most important factors behind poverty and degradation of livelihood as disclosed in various researches is unemployment. Unemployment in India rates around 10%. As per the international moderate poverty line of 2\$ a day, more than 50% of our population is below poverty line. Proper and efficient technical education and the opportunities thereafter are lacking. Education sector has become a huge business in India and unethical activities and unlawful practices are at its height and have been exposed too. Despite producing quality professionals, institutions put their attention towards advertisements and business development activities despite the main objective of providing quality education. The commercialisation of education sector is hitting hard to our knowledge economy and need to be addressed properly. Academia should have linkages with the industries which would facilitate the students equipped with the skills required in the industry. Academic institutions should pay more attention towards the industry demands. Through proper communication and interactions with the industry, institutions should not only design the course but also they should increase more practical on job trainings in curriculum in terms of internships. Time has gone when only the lectures, attending classes and attaining qualifications were more than enough for a graduate to satisfy the role profile of any company. Graduates need to be more practical, efficient and productive in the complex business environment these days.

### **SKILL SHORTAGE AND UNEMPLOYMENT SCENARIO**

According to 'Aspiring Minds' National Employability Report', 47% of our graduates are not employable for any industry role. The audit on employability for graduates included around 60000 students across India. Most of the graduates, around 40% found to be suitable for clerical/ secretarial roles. The mismatch between the industry standards and qualified candidates for any industry role is visible. Employability report for engineers says, "The percentage of ready to deploy engineers for IT jobs is as low as 2.68% which has been one of the booming sectors in engineering education". Researches show that engineers in India does not match with the international standards and their productivity is one third of an engineer from USA or UK.

The graph below depicts the increasing trend of unemployment in India. As per the World Bank, unemployment specifically in the tertiary education (graduation and above) is an alarming situation for the economy which is around one third (33.3%) of the total unemployed population. Decreasing focus of government on unemployed literate youths is a major cause of concern for an economy which is supposed to be a super power by 2020.

### Increasing Unemployment Scenario in India



Source: World Bank

## UNDER-EMPLOYMENT

Underemployment and labour exploitation have become a general phenomenon for qualified professionals, which make a negative impact at the personnel and social front. Several reports have clarified about the mental and other health related disorders for the working professionals in the private sector in India. As per the international labour standards, India has one of the most hectic working schedules in the world.

## ENTREPRENEURIAL ENVIRONMENT

The educational environment needs to be more practical and entrepreneurial. Instead of finding a job, a qualified engineer and manager can use his expertise to open up his own venture, which not only provides him mental satisfaction but also the reward in terms of better economic gains. They would be able to generate more economic contribution to the society and also the jobs, which will enhance the inclusive growth and development of the society at large. Instead of producing job seekers, governments, institutions should take up a stand towards making graduates job makers. Through the use of business incubators in the institutions, institutions can also enhance their salability of students in the market. The governments, national and international organizations have also recognized that it would be very useful to integrate the labour market with entrepreneurship development activities and thus address various unemployment challenges.

Some of the key aspects of promoting entrepreneurship, governments and educational institution should concern in the process of building economic prosperity.

**I. Enterprise culture** - Social and cultural backgrounds do have an influence on any individuals' approach. It also influences youth's entrepreneurial

development process and the activities he is involved in. Skill based development would make him economically empowered through starting his own venture.

**II Entrepreneurship learning-** An integrated learning system focused on entrepreneurship can play a pivotal role in creating a productive work force. Practical approaches with traditional education can provide a self sustaining platform. Skills development programmes in business management on a regular basis, knowledge about how to make business plans, financials & marketing skills, resources management, time management, sales skills, debt recovery techniques, stock control techniques, and marketing etc. would definitely produce a value.

**III Promoting Research and Innovation-** Innovation based training and unique tailored programmes in academia would be very helpful in promoting research and innovation practices. Institutions need to make students aware about special funds and packages for research and development activities. Proper industry linkages and linked research activities can play a major role in this area.

**IV Enabling environments-** Different administrative and policies frameworks affect the motivation of youths in being entrepreneurs. Thus government support, stimulus packages and effective mentoring strategies like business counselling, mentor support, access to working space, business expansion support and creating support networks from government and policy makers can certainly increase entrepreneurial activities in the economy.

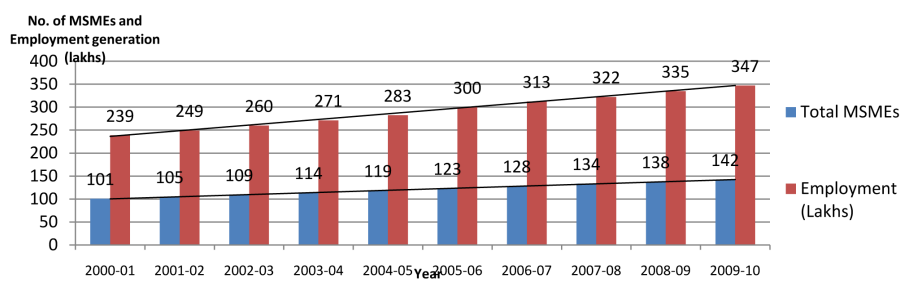
**V Information dissemination-** Proper knowledge about different policies and programmes for entrepreneurs' development is very prominent. Dissemination of information through workshops, different advertisement programmes, road-shows and outreach activities can encourage youth to come up and avail the services to make an impact.

**VI Financial Access-** This is one of the biggest obstacles for entrepreneurship development. Easy access to finance with affordable interest rates in a competing environment is very necessary to grow. Micro Finance Institutions should provide need based finance and make customized solutions available for small entrepreneurs. Lack of sufficient collateral, experience and biasness in the enterprise financing procedure are few of the challenges in financial access. Thus governments and Micro financing institutions should actively work together to satisfy financial demand of potential and viable projects.

## MSMES AND EMPLOYMENT GENERATION

Micro and small enterprises play a very significant role in ensuring the economic growth and activities at local level, which make the economy employment-friendly and also contribute to greater regional balance in levels of inclusive development. Increasing Micro, Small and Medium Enterprises (MSMEs) and entrepreneurship trainings in this regard can economically empower the unemployed literates. Governments' initiatives and political consensus in promoting enterprise practices have to play major role in employment generation at local levels which would help in equitable development and a sustainable approach towards handling the issue of unemployment and poverty at large. The status of MSMEs in India and employment generation can be exhibited as,

### MSMEs and Employment Generation in India



**Source:** Report on Micro, Small and Medium Enterprises, MSME; 2010

MSMEs are often termed as “engine of growth” for an economy. As per the official figures of MSME ministry report’ 2008, this sector contributes 8% of National GDP, comprises 50% of India’s total manufactured exports, 45% of India’s total industrial employment and 95% of all industrial units. The sector is growing enormously and is a backbone of Indian economy.

## CONCLUSION

Institutions and Governments will have to play a major role in introducing new stricter rules and regulations pertaining to the promotion of entrepreneurship at the schools/ colleges/ universities level. Infrastructural support, schemes and stimulus, skills based trainings and awareness programmes to enhance the interest in this regard can facilitate innovators and entrepreneurs in starting

their own ventures. Simpler legal procedures, promotion of public private partnerships and stakeholders' co-operations would certainly be able to bring productivity and generate new jobs. Entrepreneurship can provide economic empowerment to the society at a micro level. The key benefits of encouraging entrepreneurship include inclusive economic approach and an integrated literate workforce, reduce socio- psychological issues due to unemployment and poverty, skills development and innovate unique products or services for their enterprise, new economic opportunities, jobs creation and economic empowerment etc. Entrepreneurs make a society develop economically and be self-reliant and further contribute towards the economic development of districts, states, nations and the world.

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