Rise of Indian Entrepreneurs

Why in news?

Centre for Monitoring Indian Economy data 2023 suggests that Indians are increasingly in self-employment.

What is Entrepreneurship?

- **Entrepreneur-** It is an individual creating a new enterprise and bearing the risks and the rewards of the establishment. The process of establishing a business is known as *entrepreneurship.*
- They play a *key role in the economy* as they use their skills to study the market and bring new products according to the market.
- Entrepreneurs combine capital, labour and natural resources to provide services and manufacture goods.
- **Sub category**- There are 3 sub categories of Business class.
    - **Businessmen**- It includes those people who set up large businesses that leverage capital and humans to run them.
    - They manage some fixed premises such as an office, shop, workshop, factory, etc.
    - **Qualified self-employed professionals-** It includes people who run their own professional enterprises and leverage their own expertise.
    - Example-Doctors, Lawyers etc.,
    - **Self-employed-**It includes those "entrepreneurs" who run their own business enterprises but these enterprises do not leverage much financial capital, human capital or even professional skills.
    - Example- Taxi drivers, barbers, beauticians etc.,

Status of entrepreneurship in India

- According to CMIE, the total employment in India in January-April 2023 stood at 412.9 million.
- **Employment status-**In descending order
    - Farmers,
    - Wage labourers or small traders,
    - Salaried class
    - Business class or entrepreneurship- Fourth biggest category of employment.
- *Business is the only category that has actually recovered to the pre-pandemic level.*
- The number of people categorised under "business" grew by 8.4 million between the last four years.
- In the business class category *self-employed entrepreneurs accounted for the largest share*, at around 70-80 % of all the entrepreneurs in India.

- This shiftdoes not indicate an increase in real entrepreneurship but is merely a reflection of *poor employment opportunities* in the economy.

What are the benefits of entrepreneurship?

- **Money flow in the economy-** Enterprises help in the flow of money in the market by creating employment and increasing production and consumption.
- **Infrastructure development-** When an entrepreneurial ecosystem is formed in a particular area, there is an increase in the infrastructure in that area. Example- Chennai, Hyderabad etc.,
- **Employment generation**– Both direct and indirect employment is fostered by the growth of entrepreneurship.
- **Economic development**- It helps in increasing the GDP of the country through the development of new markets and creation of new wealth.
- **Social change-** It breaks with tradition and reduces reliance on outdated systems by providing unique products and services.
- **Foster innovation-** It creates market ease, new opportunities and encourages consumption, which will be a roadmap for economic development.
- **Increase standard of living-** The standard of living is directly proportional to employment.
- **Research and development**- It is due to the progress of innovation that would result in technological advancement.

Steps taken by India to Promote Entrepreneurship

• **Progressive Industrial Policies-** The central government declared industrial policies in 1948, 1956, 1980, 1986, and 1991 to promote economy growth and entrepreneurship in country.
• **Invest India-** It was launched in 2009 to promote foreign investment in the country.
• **Startup India-** It was launched in 2015 to promote innovation and entrepreneurship in India.
• **Standup India-** It was launched in 2016 to promote entrepreneurship among women and SC/ST communities.
• **Atal Innovation Mission-** It was launched in 2016 to promote an innovative culture and the development of the spirit of entrepreneurship across India.
• **E-biz portal-** It is the first online platform that was founded in 2013 that allows government-to-business (G2B) communication.
• **ASPIRE scheme**- A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE) was launched to set up incubation centres and network of technology centres to to promote startups for innovation in agro-industry.
• **Pradhan Mantri MUDRA Yojana-** It aims to develop micro units and helps in refinancing micro finance institutions.
• **Institutional support-** National Industrial Entrepreneurship Development Centre, National Entrepreneurial and Small Business Development Institute etc., provide guidance, training, and facilities to the entrepreneurs.
• **National Awards-** The government has established National Entrepreneur Awards of India to promote entrepreneurship.

What lies ahead?

- **IMF Data**- It forecasted India to be the third largest economy in 2027.
- So, India must use the opportunity and create a positive impact in entrepreneurship.
- **G20 Presidency-** India holds the presidency of G20 in 2023 with the theme of *"One Earth One Family One Future".*
- India led the G20's Startup engagement group which focuses on the policy recommendations on entrepreneurship and innovation.

References

1. Indian Express| Explained rise of entrepreneurs reality check
2. PIB| Stand up India and Startup India

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