

A Critical Examination of Challenges and Opportunities for Entrepreneurs in India

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ABSTRACT-

Entrepreneurs are driven to achieve success in their business along with the qualities of a Leader, Manager, Dreamer, Innovator, risk taker, continues learner, decision maker & most important is to implement all these qualities into the work. There are a lot of examples of the entrepreneurs in India who are now called synonymous of 'Success'. They saw the bigger picture but wisely started their business as a very small unit. Entrepreneurs set the example of turning their dream into reality. And the story behind to achieve the dreams into reality is to set massive goals for themselves and stay committed to achieving them regardless of the obstacles they get in the way, with the ambition and the unmatched passion towards achieving the goal. It looks fascinating, attractive and motivating after listening stories of the entrepreneurs, but success is not as easy as it looks always. There are some obstacles which we call the challenges to overcome by looking forward the prospects to be a successful entrepreneur. This research paper focuses on the challenges available in the Indian market by en-cashing the possibilities and prospects of the same to be a successful entrepreneur.

I INTRODUCTION

An entrepreneur is a person who operates a new venture and also inherits some risks and is able to look at the environment, The great ones are ready to be laughed at and criticized in the beginning because they can see their path ahead and are too busy working towards their dream, True entrepreneurs are resourceful, passionate and driven to succeed and improve

The term "entrepreneurship" comes from the French verb "entrepreneurs" and the German word "entrepreneurs", both means to "undertake". By grave and Hofer in 1891 defined the entrepreneurial process as „involving all the functions, activities, and actions associated with perceiving of opportunities and creation of organizations to pursue them.

Entrepreneurs play an important role in developing and contributing to the economy of a nation. It is all the more in a developing world where are ample opportunities for innovations to exploit the available resources and initiate entrepreneurial ventures.

Entrepreneurship has gained greater significance at global level under changing economic scenario. Global economy in general and Indian economy in particular is poised for accelerated growth driven by entrepreneurship. Admits environment of super mall culture we find plenty of scope for entrepreneurship in trading and manufacturing.

Entrepreneurship as a stabilizing force limits entrepreneurship to reading markets disequilibria, while entrepreneurship defined as owning and operating a business, denies the possibility of entrepreneurial behavior by non-owners, employees and managers who have no equity stake in the business. Therefore, the most appropriate definition of entrepreneurship that would fit into the rural development context, argued here, is the broader one, the one which defines entrepreneurship as:

"a force that mobilizes other resources to meet unmet market demand", "the ability to create and build something from practically nothing", "the process of creating value by pulling together a unique package of resources to exploit an opportunity".

The entrepreneurship is very a old concept according to which anyone who runs business is called an entrepreneur. The more precise meaning of entrepreneur is; one who perceives a need and then brings together manpower, material and capital required to meet that need. Entrepreneur is one who understands the market dynamics and searches for change respond to it and exploit it as an opportunity.

II THE NATURE OF ENTREPRENEURSHIP & CURRENT SCENARIO

In recent years the subject of entrepreneurship has become quite popular, though very few people thoroughly understand the concept. Most researchers agree that the term refers to entrepreneurial activities that receive organizational sanction and resource commitments for the purpose of innovative results. 36 The major thrust of entrepreneuring is to develop the entrepreneurial spirit within organizational boundaries, thus allowing an atmosphere of innovation to prosper.

According to the Global Entrepreneurship Monitor report, India's High Growth Expectation Early-Stage Entrepreneurship (HEA) rate is only one-fifth of that of China. Further, among medium and low income countries, while China's nascent and new entrepreneurs appear to be the most growth-oriented, with more than 10 per cent of them anticipating high growth. Early-stage entrepreneurial activity in India is marked by low levels of growth expectation. This is despite the extremely high levels of potential entrepreneurial activity as perceived by the non-entrepreneurially active population in the country.

While data on entrepreneurship is hard to come by, the following numbers are telling. According to the NSS 62nd round, in rural India, almost 50 per cent of all workers are self-employed – 57 per cent among males and nearly 62 per cent among females, while the corresponding figures in urban India are 42 for males and 44 for females. The NSSO defines a self-employed person as one who has worked in household enterprises as own-account worker; worked in household enterprises as an employer or worked in household enterprises as helper. The essential feature of the self-employed is that they have autonomy (decide how, where and when to produce) and economic independence (in respect of choice of market, scale of operation and finance) for carrying out their operation. According to the 5th Economic Census conducted by the Central Statistical Organization (CSO), there are 41.83 million establishments in the country engaged in different economic activities other than crop production and plantation. Five states viz. Tamil Nadu (10.60 per cent), Maharashtra (10.10 per cent), West Bengal (10.05 per cent), Uttar Pradesh (9.61 per cent) and Andhra Pradesh (9.56 per cent) together account for about 50 percent of the total establishments in the country. The same five states also have the combined share of about 50 per cent of total employment.

Issues in the current framework can be put under two categories:-

- (a) **Finance:** Starting Business on credit is one of the key problems faced by the early stage entrepreneurs in India. Getting financed by the Banks is still tough, after a lot of practices of the governments. There are some more ways of funding like venture capital, angel funding, and private equity which are becoming popular these days, But still institutional finance is not able to meet the entrepreneurial demands.
- (b) **Regulation and governance:** Government regulations are definitely established for a cause, but as far as setting up a business or becoming an entrepreneur is as tough as to deal with the government. An entrepreneur has to deal with regulatory & compliance issues, which includes, registering the business, obtaining government clearance and license of that particular business, high taxes, and complying the labor regulations. Difficult paper works, and a long delay on every issue, creates unnecessary burden to the entrepreneurs, which surely affect the ability & productivity of the business

III INDIA SPECIFIC ENTREPRENEURSHIP CHALLENGES

- (a) **Family Challenges:** The topmost challenge for an entrepreneur is to convince his family for the risk of his choice of business. The Indian Family is still consider Jobs easy & Risk free, as it does not require funding , risks, & more time to get successful. Or either they have options of joining their own old business. Most of the family tries to choose the most easy & safest way for their child regarding earning money. The worst problem is the high involvement of the family in once decision-making, which affect a lot of people mind to think about starting a business.

(b) **Social Challenges:** Social challenges come from the society and the social environment a person belongs to. Generally it involves a comparison between an entrepreneur and a nearby person friend or relative who is successfully doing job in an MNC or Govt. Job. A job holder person can easily obtain luxury of life like Car, Home, Air conditions and an urban lifestyle in a very short time. But for an entrepreneur it takes time to get successful and also has to compromise with the luxury because of funding and increasing his business and requires the patience as well. These type of social challenges sometimes demotivates the early stage entrepreneurs.

(c) **Technological Challenges:** Indian educational system is convincingly not making aware of current technological revolution & its importance to the students. An entrepreneur equipped with the latest technology can grow multiple than an ordinary entrepreneur. These technological unawareness keeping far behind Indian entrepreneurs to the Other countries like China, Japan & US.

(d) **Financial Challenges:** (Difficulty in borrowing fund): It is always a big issue for the entrepreneurs to finance a new business. It is because of the high poverty and middle class ratio in the country. Most of the people does not have financial support from the family. Also Very high interest rates of the non-banker firms make it more difficult to start a business.

The Government has some policies for SME's for funding through nationalized banks, but the ratio of passing the loan is very low almost 20%.

(e) **Policy Challenges:** Now and then there is lot of changes in the policies with change in the government. *i.e.*

- (i) Problems of raising equity capital
- (ii) Problems of availing raw-materials.
- (iii) Problems of obsolescence of indigenious technology
- (iv) Increased pollutions Ecological imbalanced.
- (v) Exploitation of small and poor countries, etc.

IV OPPORTUNITIES OF ENTREPRENEURSHIP IN VARIOUS SECTORS

(a) **Tourism:** Tourism is a booming industry in India. With the number of domestic and international tourists rising every year, this is one hot sector entrepreneurs must focus on. India with its diverse culture and rich heritage has a lot to offer to foreign tourists. Beaches, hill stations, heritage sites, wildlife and rural life, India has everything tourists are looking for.

But this sector is not well organized. India lacks trained professionals in the tourism and hospitality sectors. Any business in this sector will thrive in the long run as the demand contuses to grow every year. Foreign tourist

arrivals during January-March were 15.63 lakh with a growth rate of 12.8 percent, compared to 13.86 lakh during the first three months last year.

(b) Automobile: India is now a hot spot for automobiles and auto-components. A cost-effective hub for auto components sourcing for global auto makers, the automotive sector is potential sector for entrepreneurs. The automobile industry recorded a 26 per cent growth in domestic sales in 2009-10.

The strong sales have made India the second fastest growing market after China. India being one of the world's largest manufacturers of small cars with a strong engineering base and expertise, there are many segments that entrepreneurs can focus on in India's automobile and auto components sector.

(c) Textiles: India is famous for its textiles. Each state has its unique style in terms of apparels. India can grow as a preferred location for manufacturing textiles taking into account the huge demand for garments. Places like Tirupur and Ludhiana are now export hubs for textiles. A better understanding of the markets and customers' needs can boost growth in this sector.

(d) Social ventures: Many entrepreneurs are taking up social entrepreneurship. Helping the less privileged get into employment and make a viable business is quite a challenge. There are many who have succeeded in setting up social ventures. With a growing young population in rural areas who have the drive and enthusiasm to work, entrepreneurs can focus on this segment.

(e) Software: India's software and services exports are likely to rise with export revenue growth projected at 13 to 15 percent to hit about \$57 billion by March 2011.

With one of the largest pool of software engineers, Indian entrepreneurs can set higher targets in hardware and software development.

The information technology enabled services have contributed substantially to the economy. With more companies outsourcing contracts to India, business to business solutions and services would be required. Entrepreneurs can cash in on the rise in demand for these services with innovative and cost effective solutions.

(f) Engineering goods: India continues to be one of the fastest growing exporters of engineering goods, growing at a rate of 30.1 per cent. The government has set a target of \$110 billion by 2014 for total engineering exports. Entrepreneurs must capitalize on the booming demand for products from the engineering industry.

(g) Franchising: India is well connected with the world. Hence, franchising with leading brands who wants to spread across the country could also offer ample opportunities for young entrepreneurs. With many small towns developing at a fast pace in India, the franchising model is bound to succeed.

(h) Education and Training: There is a good demand for education and online tutorial services. With good facilities at competitive rates, India can attract more students from abroad. Unique teaching methods, educational portals and tools can be used effectively to make the sector useful and interesting.

(i) Food Processing: India's mainstay is agriculture. Entrepreneurs can explore many options in the food grain cultivation and marketing segments. Inefficient management, lack of infrastructure, proper storage facilities leads to huge losses of food grains and fresh produce in India.

Entrepreneurs can add value with proper management and marketing initiatives. The processed food market opens a great potential for entrepreneurs be it fast food, packaged food or organic food. Fresh fruits and vegetables too have a good demand abroad. A good network of food processing units can help potential exporters build a good business.

(j) Corporate demands: There will be a good demand for formal attire with more companies opening their offices in India. People who can meet this demand in a cost effective way can make a good business. With corporate gifting getting very popular, this is also a unique business to explore.

(k) Ayurveda and traditional medicine: India is well known for its herbal and ayurvedic products. With increasing awareness about the ill-effects allopathic medicines, there will be a huge demand for cosmetics, natural medicines and remedies.

(l) Organic farming: Organic farming has been in India since a long time. The importance of organic farming will grow at a fast pace, especially with many foreigners preferring only organic products. Entrepreneurs can focus on business opportunities in this sector. There are many small-time farmers who have adopted organic farming but the demand is still unmet, offering many opportunities for those who can promote organic farming on a large scale.

(m) Media: The media industry has huge opportunities to offer young entrepreneurs. With the huge growth of this segment, any business in this field will help entrepreneurs reap huge benefits. Television, advertising, print and digital media have seen a boom in business.

Digitization, regionalization, competition, innovation, process, marketing and distribution will drive the growth of India's media and entertainment sector, according to Ficci.

(n) Packaging: With China invading the markets with cheap plastic goods and packaging materials, there is a good opportunity to develop good packaging materials to meet domestic and foreign demand. There is a huge demand various sectors like agriculture, automotive, consumer goods, healthcare infrastructure and packaging sectors for plastics.

(o) Floriculture: India's floriculture segment is small and unorganized. There is a lot to be done in this lucrative sector. The global trade in floriculture products is worth \$9.4 billion. With a 8 per cent growth, it is expected to grow to \$16 billion by 2010. India's share in world trade is just 0.18 per cent.

This is a huge market to be tapped considering the rising demand for fresh flowers. More awareness and better farming and infrastructure can boost exports.

(p) Toys: Another evergreen industry is toy manufacturing. India has potential to manufacture cost effective and safe toys for the world. With Chinese toys being pulled up for toxins, the market for safe and good quality toys beckons Indian entrepreneurs.

(q) Healthcare sector: India's healthcare sector is dismal. The private sector can play a vital role in developing this sector. With medical tourism also gaining momentum, the sector can attract foreigners who are looking for cost effective treatment in countries like India.

(r) Biotechnology: After the software sector, biotechnology opens a huge potential. Entrepreneurs can look at a plethora of options with the application of biotechnology in agriculture, horticulture, sericulture, poultry, dairy and production of fruits and vegetables.

(s) Energy solutions: In a power starved nation, the need to develop cost effective and power saving devices is gaining more significance. There is a huge demand for low-cost sustainable energy saving devices as well.

The government has already unveiled the National Solar Mission which has set a target of 20,000 MW of solar generating capacity by the end of the 13th Five Year Plan.

Prime Minister Manmohan Singh had urged the industry to see the huge business opportunity and set up 'Solar Valleys' on the lines of the Silicon Valleys. These solar valleys can become hubs for solar science, solar engineering and solar research, fabrication and manufacturing. So there is a big opportunity for entrepreneurs in this sector as well.

(t) Recycling business: E-waste will rise to alarming proportions in the developing world within a decade, with computer waste in India alone to grow by 500 per cent from 2007 levels by 2020, according to a UN study. This sector opens a viable business opportunity for entrepreneurs in terms of e-waste management and disposal.

V CONCLUSION

Entrepreneurship has been on the rise as a global phenomenon much before India began becoming sensitive to the development of entrepreneurship. However the awareness towards the path of entrepreneurship is now

picking up a quick pace in our own country, and as a matter of fact is seen as one of the countries that is par excellence with the rest of the Asian countries as far as growing entrepreneurship is concerned. There are ample opportunities in small businesses in India and such opportunities will transform India in the coming future. For such transformation to happen there needs to be support both at the governmental and societal level. For the government it is important to realize that the goal of small business owners will be to remain self-employed. Such people may not need financial assistance but they will need marketing and legal assistance in order to sustain themselves. Practical and cost effective programs need to be developed to address their needs because self-employed people will represent an important segment in economic revitalization.

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