

Role of Government in Developing Entrepreneurs

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ABSTRACT

It's a known fact that India, today, is an emerging economy that is destined to achieve milestones, on various fronts, in the near future. However, for India, to acquire the status of a "developed" nation, it needs to create 100 million jobs, statistics point out! Experts confirm, in an endeavour to achieve this mark, tapping the potential of the unemployed and exploring opportunities in the employment market, so that each and every person plays a crucial role in contributing towards the growth of the Indian economy is necessary. However, how can one create 100 million jobs? And the million-dollar question is which industry will absorb people and bridge the employment gap? While experts are busy contemplating the possibilities of the army, the railways, the government and the private sector to recruit, speculations about the difficulty in employing in such huge numbers continue to persist.

I. INTRODUCTION

An Entrepreneur is an individual who efficiently and effectively combines the four factors of production. Those factors are land (natural resources), labor (human input into production using available resources), capital (any type of equipment used in production i.e. machinery) and Enterprise (intelligence, knowledge, and creativity.) Entrepreneurship is often difficult and tricky, as many new ventures fail. is often . Most commonly, the term entrepreneur applies to someone who creates value by offering a product or service. Entrepreneurs often have strong beliefs about a market opportunity and organize their resources effectively to accomplish an outcome that changes existing interactions. Business entrepreneurs are viewed as fundamentally important in the capitalistic society. Some distinguish business entrepreneurs as either "political entrepreneurs" or "market entrepreneurs," while Social entrepreneurs' principal objectives include the creation of a social and/or environmental benefit. The Enterprise can be set-up in a designated industrial area, where infrastructure facilities are available and are near to the market identified. It can also be set up in any other area depending upon nature of activity and local municipal rules. Entrepreneurship is the practice of starting new organizations or revitalizing mature organizations, particularly new businesses generally in response to identified opportunities. Entrepreneurship is often a difficult undertaking, as a vast majority of new businesses fail. Entrepreneurial activities are substantially different depending on the type of organization that is being started. Entrepreneurship ranges in scale from solo projects (even involving the entrepreneur only part-time) to major undertakings creating many job opportunities. Many "high-profile" entrepreneurial ventures seek venture capital or angel funding in order to raise capital to build the business. Angel investors generally seek returns of 20-30% and more extensive involvement in the business. Many kinds of organizations now exist to support would-be entrepreneurs, including specialized government

agencies, business incubators, science parks, and some NGOs.

II. CHARACTERISTICS OF AN ENTREPRENEUR

Entrepreneurs have many of the same character traits as leaders, similar to the early great man theories of leadership; Entrepreneurs are often contrasted with managers and administrators who are said to be more methodical and less prone to risk-taking. Such person-centric models of entrepreneurship have shown to be of questionable validity, not least as many real-life entrepreneurs operate in teams rather than as single individuals

- (a) The Entrepreneur has an enthusiastic vision.
- (b) The Entrepreneur's vision is an interlocked collection of specific ideas.
- (c) The overall blueprint to realize the vision is clear.
- (d) The Entrepreneur promotes the vision with enthusiastic passion.
- (e) The Entrepreneur develops strategies to change the vision into reality.
- (f) The Entrepreneur takes the initial responsibility to cause a vision to become a success.
- (g) Entrepreneurs take prudent risks.
- (h) An Entrepreneur is usually a positive thinker and a decision maker.

III. ADVANTAGE OF ENTREPRENEURSHIP

Every successful entrepreneur brings about benefits not only for himself/ herself but for the municipality, region or country as a whole. The benefits that can be derived from entrepreneurial activities are as follows:

- (a) Enormous personal financial gain.
- (b) Self-employment, offering more job satisfaction and flexibility of the work force.

VI. THE ROLE OF GOVERNMENT IN SUPPORTING ENTREPRENEURSHIP

Small and Medium-sized Enterprises (SMEs) in market economies are the engine of economic development. Owing to their private ownership, entrepreneurial spirit, their flexibility and adaptability as well as their potential to react to challenges and changing environments, SMEs contribute to sustainable growth and employment generation in a significant manner.

SMEs have strategic importance for each national economy due a wide range of reasons. Logically, the government shows such an interest in supporting entrepreneurship and SMEs. There is no simpler way to create new job positions, increasing GDP and rising standard of population than supporting entrepreneurship and encouraging and supporting people who dare to start their own business. Every surviving and successful business means new jobs and growth of GDP.

Therefore, designing a comprehensive, coherent and consistent approach of Council of Ministers and entity governments to entrepreneurship and SMEs in the form of government support strategy to entrepreneurship and SMEs is an absolute priority. A comprehensive government approach to entrepreneurship and SMEs would provide for a full coordination of activities of numerous Governmental institutions (chambers of commerce, employment bureaus, etc.) and NGOs dealing with entrepreneurship and SMEs. With no pretension of defining the role of government in supporting entrepreneurship and SMEs, we believe that apart from designing a comprehensive entrepreneurship and SMEs strategy, the development of national SME support institutions and networks is one of key condition for success. There are no doubts that governments should create different types of support institutions:

- (a) To provide information on regulations, standards, taxation, customs duties, marketing issues;
- (b) To advise on business planning, marketing and accountancy, quality control and assurance;
- (c) To create incubator units providing the space and infrastructure for business beginners and innovative companies, and helping them to solve technological problems, and to search for know-how and promote innovation; and

- (d) To help in looking for partners, in order to stimulate entrepreneurship and improve the business environment for small enterprise.

(a) Training

Basic training differs from product to product but will necessary involve sharpening of entrepreneurial skills. Need based technical training is provided by the Govt. & State Govt. technical Institutions.

There are a number of Government organizations as well as NGOs who conduct EDPs and MDPs. These EDPs and MDPs and are conducted by MSME's, NIESBUD, NSIC, IIE, NISIET, Entrepreneurship Development Institutes and other state government developmental agencies.

(b) Marketing Assistance

There are Governmental and non-governmental specialized agencies which provide marketing assistance. Besides promotion of MSME products through exhibitions, NSIC directly market the MSME produce in the domestic and overseas market. NSIC also manages a single point registration scheme for manufacturers for Govt. purchase. Units registered under this scheme get the benefits of free tender documents and exemption from earnest money deposit and performance guarantee.

(c) Promotional Schemes

Government accords the highest preference to development of MSME by framing and implementing suitable policies and promotional schemes. Besides providing developed land and sheds to the entrepreneurs on actual cost basis with appropriate infrastructure, special schemes have been designed for specific purposes like quality upgradation, common facilities, entrepreneurship development and consultancy services at nominal charges.

Government of India has been executing the incentive scheme for providing reimbursement of charges for acquiring ISO 9000 certification to the extent of 75% of the cost subject to a maximum of Rs. 75,000/- in each case. ISO 9000 is a mechanism to facilitate adoption of consistent management practices and production technique as decided by the entrepreneur himself. This facilitates achievement of desired level of quality while keeping check on production process and management of the enterprise.

(d) Concession on Excise Duty

MSME units with a turnover of Rs. 1 crore or less per year have been exempted from payment of Excise Duty. Moreover there is a general scheme of excise exemption for MSME brought out by the Ministry of Finance which covers most of the items. Under this, units having turnover of less than Rs. 3 crore are eligible for concessional rate of Excise Duty. Moreover, there is an exemption from Excise Duty for MSME units producing branded goods in rural areas

suitable policies and promotional schemes like policies and promotional schemes, providing incentives for quality upgradation, concession on excise duty and provides technical supportive services. Thus Government play supportive role in developing entrepreneurs.

(e) Credit Facility to MSME

Credit to micro, small and medium scale sector has been covered under priority sector lending by banks. Small Industries Development Bank of India (SIDBI) has been established as the apex institution for financing the MSME. Specific schemes have been designed for implementation through SIDBI, SFCs, Scheduled Banks, SIDCs and NSIC etc. Loans upto Rs. 5 lakhs are made available by the banks without insisting on collaterals. Further Credit Guarantee Fund for micro, small and medium enterprises has been set up to provide guarantee for loans to MSME up to Rs. 25 lakhs extended by Commercial Banks and some Regional Rural Bank.

(f) Policies and Schemes for Promotion of MSME

Implemented by State Governments

All the State Governments provide technical and other support services to small units through their Directorates of Industries, and District Industries Centers. Although the details of the scheme vary from state to state, the following are the common areas of support.

- (i) Development and management of industrial estates
- (ii) Suspension/deferment of Sales Tax
- (iii) Power subsidies
- (iv) Capital investment subsidies for new units set up in a particular district
- (v) Seed Capital/Margin Money Assistance Scheme
- (vi) Priority in allotment of power connection, water connection.
- (vii) Consultancy and technical support

Government of India runs a scheme for giving National Awards to micro, small and medium scale entrepreneurs providing quality products in 11 selected industry groups of consumer interest. The winners are given trophy, certificate and a cash price of Rs. 25000/- each.

VII. CONCLUSION

Government accords the highest preference to development of MSME by framing and implementing

REFERENCE

[1] irman-wijaya.blogspot.com/2008/12/understanding-entrepreneur.html.