

Budding Entrepreneurs: Catalyst to the Economic Development of Countries like India

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Abstract: *A Person chooses to become an entrepreneur because it provides numerous opportunities of self expression & realization of one's passion for doing something. Monetary rewards are much greater and he also enjoy the power of decision making. Budding Entrepreneur is small business minded individual that will not stop thinking about how to make money & create wealth. The journey of an entrepreneur is a tough one. Entrepreneurs can make their flight to success more joyful by circulating certain essential traits like self confidence, optimism, discipline, good communication skills, effective team player, etc. India is regarded as the fastest growing market for e-commerce. From the year 2011 onwards, equity investors have invested roughly \$ 1.2 billion (over Rs 7,490 crore) into online product retailing according to research firm Venture intelligence. The list of top leaders who are digging gold at India's priceless e-commerce eco-system, as reported, includes India International Trade centre & SME chamber of India have taken initiative to bring together young & budding entrepreneurship to establish contacts, interact, network, change business information & explore emerging business opportunities*

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I. INTRODUCTION

Entrepreneurship has emerged as an important element in the organization of economics. This emergence did not occur simultaneously in all developed countries. Differences in growth rates are often attributed to differences in speed with which countries embrace entrepreneurial energy. This led to the political mandate to promote entrepreneurship.

Starting a new venture in this tough economic scenario is a risky gamble. But there are few countries on earth where startups are growing rapidly because of their friendly civility and administration. According to the 24 country BBC World Service Poll, India along with U.S., Canada and Australia is the best place for budding entrepreneurs to start a new venture. India and Australia were ranked fourth and fifth.

India is one of the feverous spot for startups people are more likely to launch business here as India is friendly to innovation and entrepreneurship. India values innovations and creativity and well ahead of other emerging economics such as Brazil. Here the ideal environment for innovation not only celebrates success, but also accepts if not applauds the failure. Governments and foundations encourage students and educators to take up entrepreneurship as a career option. Such as NEN (National Entrepreneurship Network) founded by Wadhvani Foundation, whose mission is to create and support high growth entrepreneurs, driving job creation and economic growth in India. In recent years, India is witnessing a spurt in activity from first generation entrepreneurs. Their ventures attract others to take that plunge of chucking a full time job and starting up a business.

II. LITERATURE REVIEW

'Entrepreneurship' is a generic term that subsumes many issues. It has, therefore been defined in very many ways. Rabboir (1995) – quoted in schnurr and newing (1997) – lists twenty definition of 'Entrepreneurship' from various authorities on the subjects. He concludes that efforts to reach a consensus on the subject have not been successful and various analysts are changing their definitions as work, study and experience in the field evolved. It is now widely accepted that there are many goods reasons to promote entrepreneurship among young people. While caution should be exercised so that entrepreneurship is not seen as a 'mass' or wide ranging solution which can cure all society's social ills, as many experts such as curtain (2000) warn, it has a number of potential benefits. An obvious, and perhaps significant one, is that it creates employment for the young persons who owns the business. Carlos Borgomeo, vice-chair of the OFCD LEED Directing Committee and President of Imprenditorialita Giovanile (IG) S.P.A. (Which is one of the 'best practices' youth enterprise promotion institution later reviewed in this paper) appears to support this view, arguing that: "This is the opportunity that has to be seized youth has a natural disposition for innovation, and

change on which we can capitalize as, long as we are clear that successfully launching a new enterprise – however small – is a process of innovation” (OECD, 2001:9)

The centre for youth Entrepreneurship Education adds that:-

“Effective youth entrepreneurship education prepares young people to be responsible, enterprising individuals who become entrepreneurs or entrepreneurial thinkers and contribute to economics development and sustainable communities”.

Available evidence shows that in developing countries, the rate of self employment among youth, while low compared to adults, is significantly higher than among young people in developed countries. This is particularly the case in countries with slow or stagnant economic growth. Thus, Sharif (1998) observe that the tendency towards self – employment among youth is much greater in sub – Saharan Africa than in other parts of the world. The evidence from developing countries also suggests that the proprietary participation rate of youth significantly varies according to gender, with young men more likely than young women to be self – employed.

Objectives:-

The importance of promoting youth entrepreneurship lies in the following:-

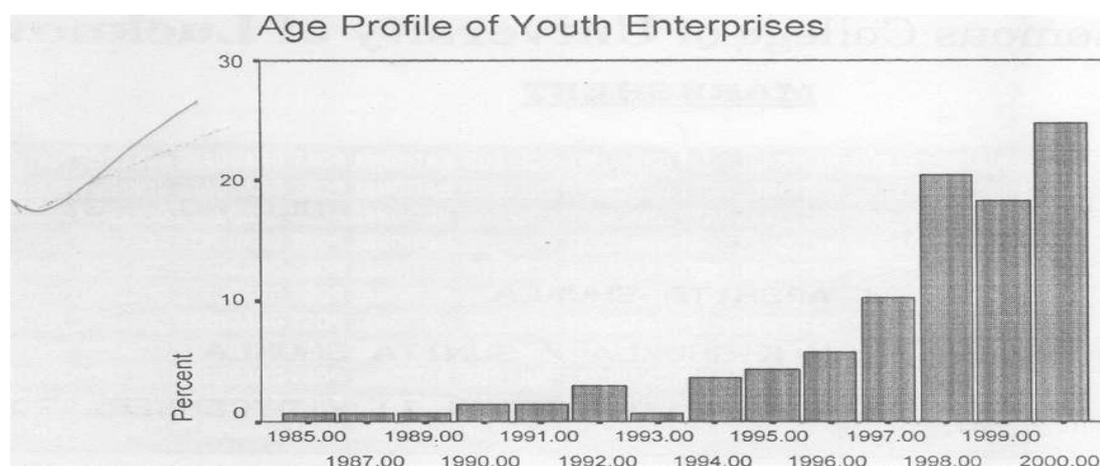
1. Creating employment opportunities for both the self employed youth and other young people.
2. Bringing back the alienated and marginalized youth into the economic mainstream.
3. Helping address some of the socio psychological problems and delinquency that arise from joblessness.
4. Promoting innovation and resilience in youth.
5. Promoting revitalization of the local community.
6. Young entrepreneurs may be particularly responsive to new economic opportunities and trends.
7. It gives young people, especially marginalized youth, a sense of meaning and belonging, and
8. Enterprise help young women and men develop new skills and experiences that can be applied to many other challenges in life.

The effectiveness of their youth entrepreneurship promotion programmes can largely be attributed to the following factors influencing effectiveness of Budding Entrepreneurs-

- **Clear Objective.** The success of the IG and PTB derive partly from dedication to a clear objective. The programmes do not attempt to combine social and economic objectives in the promotion of youth entrepreneurship. Many youth enterprise promotion programmes fail because of a multiplicity of objectives.
- **Commercial Orientation.** Both institutions have a commercial approach to their operations. They do not operate as 'welfare' or social services. As noted below, this has allowed them to develop a professional capability and technical competence that has been critical to the success of their youth enterprise support programmes.
- **Adequate funding.** It is evident from the above review that both the IG and PTB are well funded. Adequate funding has allowed them to implement programmes that have significant outcomes on the target groups. Available literature shows that youth enterprise support programmes in many developing countries fail due to, among other factors, inadequate funding.
- **Well-trained and properly supported staff.** Both the IG and PTB have established a professional capability in their operations. Their staff are highly trained and properly supported in their work. Lack of technically competent staff and/or staff that lack entrepreneurial experience is a major factor that explains the failure of youth enterprise support programmes in many countries.
- **Flexible and adaptable operation style.** Both the IG and PTB have adopted or initiated flexible administrative procedures and operational styles in delivering BDS and other supports to youth entrepreneurs. Rigid administrative procedures are a factor in the failure of youth enterprise promotion programmes in many countries.
- **Reliance on appropriate 'micro' delivery mechanisms.** Both the IG and PTB rely on regional and local delivery mechanisms in service provision. Depending on context, this has involved use of local and regional schemes (in the case of the IG) and private and public institutions such as universities and local authorities (in the case of the PTB).
- **Reliance on local business specialists.** Both the IG and PTB rely on a network of local people with specialized business knowledge or experience to provide informal advice and training to youth entrepreneurs.
- **Initiative-based.** Both the IG and PTB do not attempt to impose choice of enterprise activities on young people. The initiative to start an enterprise comes from the youth themselves which, as noted below, partly serves as collateral for the loan. As several experts observe, setting up young people as independent micro-

enterprise owners, often in a line of business in which they have no prior experience with, and often without sufficient skill, is both high risk and a recipe for failure.

- **An 'integrated' package for youth.** Contrary to the minimalist approach common in many credit programmes, both the JG and PTB provide a wide range of services to youth, including skills training and advice. This is based on the recognition that young people pass through various stages of transition and therefore tend to face problems specific to those transitions.
- **Customer-centred loans.** Although group lending based on the Grameen model is a common feature of many micro-credit schemes, particularly those targeted at women, both the IG and PTB use an individualized approach in their lending policies. This approach is based on the particular needs of each individual youth. Although the financial packages offered by the IG and PTB tend to differ, conditions for accessing the loans are: the business plan and accepting a mentor. Secondly, by focusing on individual youth, these programmes treat them as 'clients'. This is in marked contrast to many youth programmes in many countries which treat youth as mere 'beneficiaries'. The result are standardized programmes that are not sensitive to the needs of individual youth and therefore have little impact on youth entrepreneurship promotion.
- **Proper targeting and selection.** Both the IG and PTB, recognising that young people are not a homogenous group, make attempts to identify variations amongst young women and men in their skills, experiences, status, needs, aspirations and capacity to obtain resources - all of which influence; their ability to establish and run a small business successfully.
- **Mentoring.** Both the IG and PTB have strong and highly effective mentoring programmes that are designed to provide young people with informal advice and guidance on how to properly manage their businesses. This helps the youth entrepreneurs to overcome the constraints of limited business experience, contacts and skills. Lack of 'ethical' mentors appears to be a major problem in many developing countries.
- **Intergenerational transfers.** Especially in the case of the IG, this involves a transfer of firms from older people to younger people. This practice allows youth to gain skills and experience in enterprise management.
- **Risk management.** Through mentoring and other business support services, both the IG and PTB help young people deal with the risks that they face in running their enterprises.
- **Equity.** In particular, the PTB encourages young women and men from all backgrounds, including those from ethnic minorities, to participate in its programmes. Its Mapping Disadvantage report identifies areas where most deprived youth live.
- **A supportive policy environment.** As the rapid expansion of the IG in Italy illustrates, favourable changes in the regulatory environment can have a positive impact on the provision of BDS to youth entrepreneurs;
- **The State.** In both cases, the state, while not directly involved in managing the institutions and programmes, has played a key role as a major source of funds and creating a conducive environment for enterprise promotion. In the case of IG, the state owns over 80 percent of the shares, while the PTB also gets government funding.
- **Sustainability.** Both the IG and PTB raise large amounts of funds for their operations and do not rely on a single source of external support, be it technical, organizational or financial. Their sources include private sources and the European Union. The PTB, for instance, relies on high profile fund-raising and has its own internal investments.



III. SUGGESTIONS & CONCLUSION:

This para studies suggest that youth entrepreneurship has some economic and social value. They demonstrate that:

- Young people tend to go through various work situations before finally embarking on entrepreneurship
- In LDCS in particular, YREs can graduate from informal to formal enterprise activities
- There are windows of opportunity or niches which YREs can exploit
- YREs generally lack access to institutional support (they lack access to training, credit, market information, etc)

The success of the above YREs, in the absence of institutional support, appears to depend on a number of factors. Among others, these include:

- 'A business vision'
- 'Business discipline'
- A positive attitude towards business
- An ability to identify and exploit new business opportunities
- Patience
- Persevere, and
- Resilience.

Limitations

In the light of the above, there is need to study in detail the:

- Contextual (or institutional) factors that affect the entrepreneurship behavior of youth, and
- Contextual (or institutional) factors that affect the entrepreneurship development of youth.

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