

## **A STUDY ON FOSTERING ENTREPRENEURSHIP AND INNOVATION**

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### **ABSTRACT**

*The study focuses on understanding the government and private agencies providing various support programs for the people in fostering entrepreneurship and innovation specifically in India .Here, an analysis has been conducted based on the secondary data collected through various government websites to understand whether the government and private sectors are providing enough support to the people who are willing to start his/her enterprise or are coming up with an innovation. The main objective of the study is to study the role of entrepreneurship and innovation in economic development and to study the efforts made by Government in fostering entrepreneurship and innovation. The Government recently has been giving utmost importance to college graduates and students to build the sense of entrepreneurship. Various government entrepreneurship schemes have been started for providing funding for young professionals in pushing them into establishing their own enterprise. The government is trying to mould the new generation of people in transforming their knowledge and skills into actions that will help transform the society and the country as a whole. Hence, this study is made to find out more regarding such programs and policies in the recent days that help in fostering entrepreneurship and innovation.*

**KEYWORDS:** *entrepreneurship, innovation, government schemes, challenges, opportunities*

### **INTRODUCTION**

India has always been in the forefront when it comes to entrepreneurship and innovations. Very recently, India has earned a name for itself as the start up hub in the world. Cities like Bangalore, Mumbai, Hyderabad have come up with enormous number of start -ups There has been 890 start up companies founded in Karnataka alone in 2018 that is the highest in the country. In last few years it has been noticed that most of the start -ups( about 70%) that have come up are through technology background such as datanalytics , data science, aerospace software games, animations and cyber security. The government of India to launched a start up policy in 2015 that provided supports to start ups created several funds and provided several incentives. Government provides Entrepreneurship development and training programs and Management development programs conducted by MSME's, EDI and NSIC.

### **OBJECTIVES**

1. To study the role of entrepreneurship and innovation in economic development

2. To study the efforts made by Government in fostering entrepreneurship and innovation

### **SCOPE OF THE STUDY**

The research revolves around the study of government's plans and programs to help flourish entrepreneurship and innovation in various sectors along with its challenges and limitations. The study conducted and the data's represented here are taken within the time frame of 2005 to 2018.

In today's scenario developing economies need to give a trust to entrepreneurial development especially in small and middle scale sector.

Although over the years the central and state government have developed and implemented a number of schemes and policies for entrepreneurial development the actual impact of such schemes is not fully known.

Therefore this research study seeks to study the role of that entrepreneurship as in a developing economy and to also study the government efforts to propagate entrepreneurship.

## STATEMENT OF PROBLEM

The paper analyses the challenges and the opportunities faced by the government in implementing the various entrepreneurship schemes. After the democracy the government came up with various entrepreneurship schemes and policy that helped the public to come up with their enterprise but not everyone were known about such schemes and was not of much help in making a difference in the economy. Lately, the government has come up with many schemes under Make In India and MSMEs. This has led to an increase in the number of people wanting to start their own enterprise in various sectors.

Through the analysis of secondary data, this study is made to find out more regarding such programs and policies in the recent days that help in fostering entrepreneurship and innovation.

## LITERATURE REVIEW

There are a number of articles and research papers that have provided a detailed understanding regarding fostering entrepreneurship and innovations. OECD (1998) concluded that fostering entrepreneurship means channeling entrepreneurial drive into a dynamic process which takes advantage of all the opportunities the economy can provide.

David Oates (2004) concluded that Fostering entrepreneurship is a means to overcome barriers to development of rural, urban economy and the country as a whole.

Vasanth Desai (1997) studied the importance of entrepreneurship and innovation in an economy and ended up with the conclusion that the future of any economy depends on who any entrepreneurs a country has. It points out that entrepreneurs are the brains of an economy. They help in coming up with innovative solutions to solve existing problems.

C.B. Gupta (1992) concluded that entrepreneurship is an impetus to achieve overall economic development.

## ANALYSIS OF DATA

India has stood out as one of the countries that produces most number of entrepreneurs. The average age of the entrepreneurs is 28 years. Since the average age of the entrepreneurs here is as young as 28 years the enterprises and innovations they come with are usually problem solving that will impact the society in larger and effective manner.

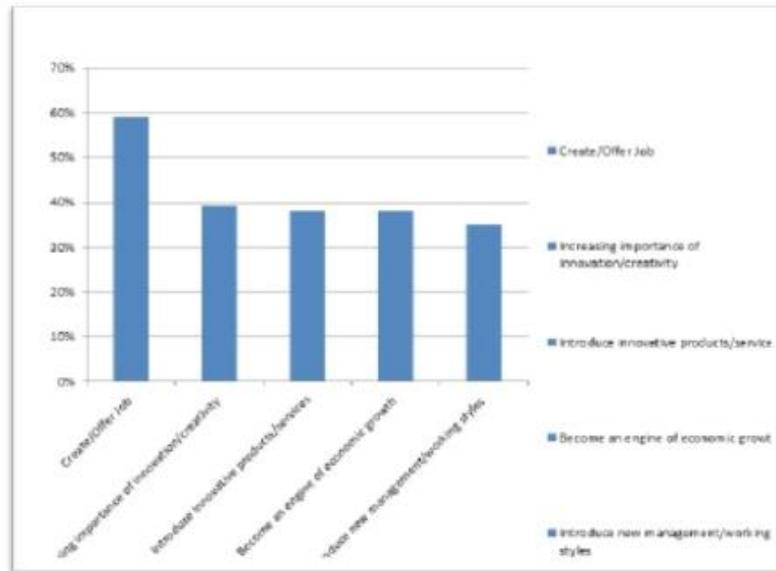
## THE ROLE AND IMPORTANCE OF ENTREPRENEURSHIP IN INDIA

- By the establishment of the businesses by the entrepreneurs through the investment either by themselves or through investors helps the public in mobilizing the wealth and to gain from success of the growing business and entrepreneurs.
- Setting businesses and units with certain regional development by locating the units in backward and less developed areas help in growth in business and industry which also leads to improving infrastructure.
- Through the growth of business, industrial units and the economy will lead in improvement in GDP (Gross Domestic Product) and also improves Per Capita Income of our economy.
- Through improvement in Per Capita Income and GDP rates the standard of living of our economy is developed.
- The importance for women entrepreneurship is also given by developing schemes like Annapurna scheme, shree shakti package for women this has led to the increment in the number of women entrepreneurs in India
- Then any business concern it is will obviously increase exports and will lead in higher cash inflows and creates a wider market.
- When there are skilled and literate workers then the actual success of the entrepreneurship is achieved so the role of entrepreneur here is to see that they will provide certain community development program so that they will have a greater success.

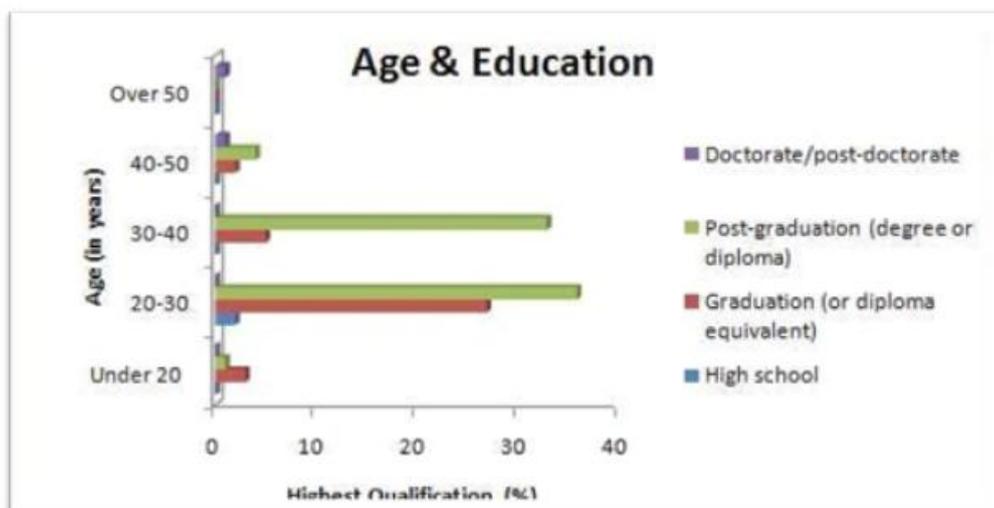
**CHART 1 : shows the increase in number of women entrepreneurs in India.**

Country	Percentage
India (1970-1971)	14.2
India (1980-1981)	19.7
India (1990-1991)	22.3
India (2000-2011)	31.6
USA	45
UK	43
Indonesia	40
Sri Lanka	35
Brazil	35

**CHART 2: shows the roles and importance of entrepreneurship in India (source: OMICS international's publications)**



**CHART 3: shows the age and occupation of the people who are entrepreneurs in India.**



**FOSTERING ENTREPRENEURSHIP AND INNOVATION BY GOVERNMENT OF INDIA**

**•Start up India**

Startup India is the top most initiator of Government of India. It was built for the sake of startup businesses growth and also for the growth of the economy with sustainability and for larger employment opportunity. Of which their aim turned to be growth in innovation and design by empowering start ups. The launch of the scheme was on 16<sup>th</sup> January 2016, from which they have initiated many programs to contribute something to the vision of honorable Prime Minister of reconstructing India as a country having job creators than being a country of job seekers.

Startup India follows some Action plan and those plans are on the basis of succeeding the pillars such as

- Handholding and simplification
- Incentives and funding the support

- Industry-academic partnership and incubation  
The key features of Startup India are
- To work with partnership/LLP form of companies
- Providing the option of early exit
- Allowing the entrepreneurs from getting tax exemptions
- A self-certificate of the company about the labor laws and environmental laws.
- Also the scheme provides support in funds (financial support)
- Simplified the process of patenting.

**•Atal Innovation Mission (AIM)**

AIM is also known to be as NITI Aayog (National Institution for Transforming India. It was formed on 1<sup>st</sup> January 2015 in a resolution of the union cabinet. The main policy or the feature that is followed or looked into is ‘THINK TANK’ of our Government of India, where they are providing both policy and directional inputs. NITI Aayog provides certain advice technically to centre and as well to state during the designing strategies of Indian

Government in long term programs and policies.

The main objectives of NITI Aayog are

- To promote an entrepreneur and an innovative culture.
- To serve as a platform for promotion in world level innovation seat, the challenges globally, the activities for self employment and also for start up businesses, especially in technology field.

The functions of AIM are in 2 core points namely

- Promoting entrepreneurship

This is achieved by supporting the innovators and mentoring them to be successful entrepreneurs. This can be achieved by utilizing the talent and Self-Employment.

- Promoting Innovation

This is for helping the innovators to generate a innovative ideas with a platform provided by them. They are providing Atal Tinkering Labs, Atal Incubation Centers and Scale-up support to Established Incubators.

They have 2 publications where one is the handbook for incubators managers' partner with CIIE and the other the handbook by Atal Tinkering Lab which includes the experiences of young entrepreneur/Innovators providing guidelines, methodologies, case studies, resources, key learning.

#### •Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

It is the top scheme of MSDE (Ministry of Skill Development and Entrepreneurship). It is aiming of training the skills of the Indian youth in relevance to industry and sees that the livelihoods of these youth are being secured.

The target allocation of this PMKVY is done for 2020.

The functions of PMKVY are:

- Providing guidelines according PMKVY guidelines.
- Giving guidelines for communication and also for branding,
- The major function of PMKVY is providing training for those guidelines of PMKVY.
- Guidelines and training for projects which are special.
- Providing application form and the matrixes of target revocation of those special projects.

#### • National Skill Development Mission

It was officially launched on 15<sup>th</sup> of July 2015 by honorable prime minister which was approved on 1<sup>st</sup> July 2015 by the Union cabinet. It was launched on World Youth Skills Day occasion aiming to provide a good skill to the youth. Their vision is 'Skilled India' which not only focus on skill development but goes in hand with decision making in the sectors concerning about the skill with scale of standards and speed.

There are 7 missions which are acting as the building blocks for the achievement of the objectives. The 7 missions are

- Training in institution
- Good infrastructure
- Better convergence
- Skilled trainers
- Guiding Overseas Employment
- Help the youth to gain sustainable livelihood

Leveraging public Infrastructure

They have schemed the programme according to the entrepreneurial development. And the schemes for entrepreneurs are being designed according to elements that are major in development. The elements are;

- To equip potential and educate throughout India the early staged entrepreneurs.
- To connect the entrepreneurs to the mentors, peers and incubators.
- In online hubs to support the entrepreneurs.
- Among the group underrepresented to encourage them.
- To even promote about the entrepreneurship amongst women.
- Finally they do foster or support the social entrepreneurs and the newly blooming innovations.

#### •Science for Equity Empowerment and Development (SEED)

This SEED division is actually set up with a wider objective of proving the opportunity to motivate the scientist and also the field level workers to take up the specified location projects and also the action orientation toward uplifting the poor and lower class of the society.

The objectives and mandate of SEED division are:

- To support science and technology based institutions, colleges, schools, NGOs, universities, etc throughout the country so that they can take up innovation grants to id the project at actual basic level.
- To support and provide catalyst research, adaption and development for appropriate and relevant technologies for improving and empowering the quality of life of landless labor, SC/ST, women, Artisans and also the other section who are disadvantaged, especially in rural areas..
- To upgrade and preserve the skills of traditional artisans as the natural carriers in science and technology capabilities and knowledge and to enable them to transit these one the basis of production organization.

#### •Trade related Entrepreneurship Assistance and development (TREAD)

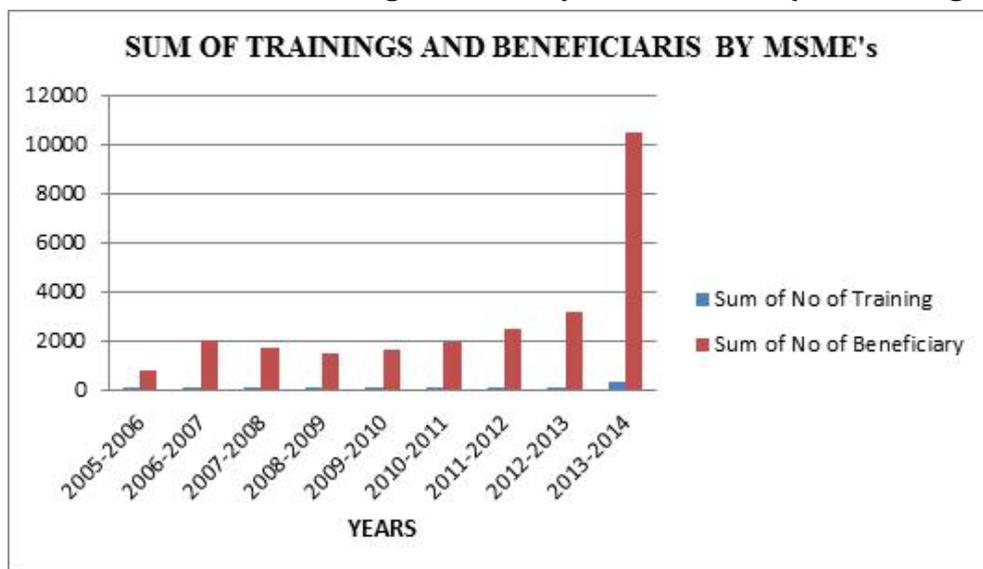
This is the division where they are giving more preference to the women section where they believe that traditionally women are the one are the most disadvantaged section in a group of society. Keeping this as the base they have come up with different schemes for women. The 3 components of the scheme are

- They assist the targeted group of women in the form of Government of India for granting 30% of total projects cost by lending the agencies to provide it to NGOs (Non-Government Organization) for promoting entrepreneurship to those women.
- Then the selected NGOs and the institutions provide basic training program for empowering those women.
- Then according to the need Government India will grant finance up to 5 lakhs per project accordingly providing it to National Entrepreneurship Development Institutions/National Institute of Small Industry Extension Training.

The functions and services of TREAD are:

- Providing the overall guidance for implementation of the scheme and also promoting it.
  - With agencies landed they will have to review and monitor the projects implications.
  - They review the eligibility criteria to NGOs design and structure of the scheme and format of those applications, and submit those to avail the benefits that is provided under this scheme.
  - They will have to provide grant assistance to for building the capacity of the NGOs and also assist grant for the ultimate borrower.
  - Formulation in development and promotions of MSMEs (Micro, Small and Medium Enterprise) of Government policies are also advised.
- They co-ordinate with the programs and policies for the development of MSME

**CHART 4: shows the number of trainings conducted by MSME's in India. (source: data.gov.in)**



**CHART 5: Various schemes of MSME's**

**Performance of various schemes in terms of MSMEs benefited:**

Sr	Name of the Scheme	No of Beneficiaries	Expenditure (in lakhs)
1	ATI Scheme (Training Component)	1671	296
2	Marketing Assistance Scheme	334	81.36
3	Coir Udyami Yojana	319	811
4	MPDA Grant To Khadi Institutions	342981	6085
5	Coir Vikas Yojana	1199	32.11
6	SFURTI- SI	50000	1203
7	Prime Minister's Employment Generation Programme (PMEGP)	26072	72073
8	Credit Guarantee Scheme	2916910	8200
9	Interest Subsidy Eligibility Certificate For Khadi & Polyvastra ISEC	1305	1314
10	National Awards	50	50
11	MDP-EDP-Skill Development	15236	223.53
12	Zero Effect Zero Defect	58	1015.24
13	Technology And Quality Upgradation Support Through MSMEs (TEQUP)	1	0
14	MATU Scheme Excluding Vendor Development Programme & International/ National Workshop/ Seminar	129	50.55
15	Credit Linked Capital Subsidy Scheme CLCSS Cash 4081 283444.16	4081	283444.16
16	IPR Building Awareness On Intellectual Property Rights For MSMEs	417	0
17	Lean Manufacturing Competitiveness Scheme For MSMEs	1091	321.82
18	Design Clinic Scheme For Design Expertise to MSMEs	112	50.53
19	Incubation Centre Support For Entrepreneurial And Managerial Development Of SMEs Through Incubators	56	80.74
20	Performance And Credit Rating Scheme	11424	25836.7
21	International Co-operation(IC) Schemes	567	2993.7

Source: Annual Report 2017-18 Ministry of MSME [link]

## THE OTHER ORGANIZATIONS HELPING IN FOSTERING ENTREPRENEURSHIP AND INNOVATION

### • **Entrepreneurs' Organization (EO)**

It is one of the old organizations which thought about fostering of entrepreneurship and innovation. It is been more 25 years where a group of forward thinking entrepreneurs connected them together as a likeminded peers so that they could help each other in terms of learning and growing.

In 1987 Verne Harnish and 22 other former members of the association created their own path for their continuous growth in both personal and business. They also created certain core values that had to be followed in the association. The core values and also the functions are:

- Trust and respect on each and every entrepreneur they meet and communicate with.
- They share their experience with their peers so that they will gain knowledge from that particular incident.
- They members in the group have thirst and seek for wisdom from the valuable asset through the appetite for transformational and knowledge experience. That the entrepreneurs can be a open minded and gets a greater opportunity.
- The main feature a entrepreneur should have is confidence and inclusiveness in doing any project.
- They also advice, mentor and motivate each other to achieve the target of the selected and special targets.
- All the life of EO they do is being bold in taking decisions which leads to courage, creativity and eternal optimism to never give up and to celebrate the failure. This leads to growth of the entrepreneur and allows them in taking risks.
- They create a route mark of destiny and their responsibilities to make difference and to make value and leave legacy.
- They are the positive thinkers who in this organization always transform any of their experience to positive one to all through sharing.
- **Entrepreneurs Council of India [ECI]**  
This is the agency which as the form globally and is non- profit motives. This agency connects million of entrepreneurs over the globe which also plays a internal and vital role in industries, the lives to lead the entrepreneurs and their business in India. This agency is so powerful that they support the modern business and the owners in all the aspects of the entrepreneur's journey. They also help them in creating and supporting for higher growth of entrepreneurs.  
The objectives of programs for the development of entrepreneurs are:
  - They help the entrepreneur to know about the advantages and disadvantages of becoming an entrepreneur.
  - They help the entrepreneurs to acquire necessary managerial skills to run the small scale industry.
  - To help the entrepreneurs to set and reset their own objectives for their enterprise and should work for their realization.

- This agency also helps them to take up their own decisions in regard to their entrepreneurial role.
- The entrepreneurs here will develop themselves with their passion with honesty and integrity.
- They will be training the entrepreneurs to communicate effectively and clearly.
- The entrepreneurs will be supported in analysing the environment set up that is related to small business and industry.

### • **Ashoka**

It is the agency founded in the year 1981, with the mission of supporting the social entrepreneurs by learning their pattern in innovations and their accessibility in global communities and embraces these new frameworks in building "everyone a change maker world".

It believes in a world where all the citizens are contributing to the power and positive change in positive ways. It focus on the framework for the working and living together in the different world drawn which is drawn from the insights with global network working in Ashoka.

Ashoka actually works in more than 90 countries in amplifying and building the global movements in 3 stages:

- **Identification and supporting**  
The agency finds and cultivates the social entrepreneurs from each corner of the world through with the deep rooted social problems are solved with innovations changes. The agency invites the entrepreneurs to be a member and afford them with lifetime membership and early financial supports on expanding their networks with their peers and partners. This helps the entrepreneur in achieving their vision and has greater impact.
- **Acceleration**  
The agency look that they avail the network of their organization to the entrepreneurs by reshaping their mindsets and shifting according to the work, learning and the life together put as a catalyst towards the change making of the society with positive vibes.
- **Equip everyone**  
At last they make sure that they inspire each and every one and enable them change making in the public at mass. So t last they see that they do focus on youth too to make them stronger in terms of having a critical skills, thus they focus on next generations to map in rapid changes.
- **Startup Grind**  
Startup Grind is the largest independent start up community, which is currently connecting, inspiring and educating entrepreneurs about 500 chapters. They nurture almost 1,500,000 entrepreneurs in 125 countries by media, partnering and through events with organizations. The keystone of the global communities are the monthly events which is feature to be successful with the local innovators, founders, investors and the educators who share their lessons learnt on the way building a great and a good companies.  
There are privacy policies which explain about the way that they collect the information and how they gather the social entrepreneurs and their innovations.

The process of gathering the information and using it is done by the functions of the agent as follows:

- They collect the information that is being directly provided by the entrepreneurs through their visits to websites. The information that they collect includes the name, username, email address, postal address, phone number, information about the product/innovation, employer's name, etc
- The information collected are directly stored and recorded in the server of the Startup Grind. It is done with help of log in ID usage and the devices, even with the help of cookies and that of the technologies.
- The agency also communicates about the features, offers, etc provided by them to the entrepreneurs.
- The agency also shares the information to vendors, service providers and the consultants where they are persons who are authorized in receiving the information about the entrepreneurs in terms of billing, auditing, etc.

### CHALLENGES FACED BY THE PRIVATE / PUBLIC SECTORS IN IMPLEMENTING THE ENTREPRENEURSHIP SCHEMES

- Financial resources :  
The funds usually get stuck at the district level due to political issues or administrative reasons
- Planning and coordination:

Mostly the people in the backward areas get ignored. The planning is not inclusive and the people coming out of these areas are far away from getting the benefits of the scheme .

- infrastructure:

Lack of infrastructure has resulted in very less or no connectivity to various rural areas.

- Lengthy funding procedure:

The government and private agencies have provided various schemes for funding but getting access to such funding is very complex and bureaucratic. And moreover, the returns from the innovations are usually late or uncertain.

- Inadequate protection of intellectual property rights

The innovators are almost unaware of the patents or trademarks and do to wish to continue with it until forced. For some the cost of patenting is too much even around those people who are aware of these rights lack expert help.

### FINDINGS

- There has been a considerable increase in the amount of entrepreneurs in India and it has impacted the economy in a positive way increasing the standard of living of the people.
- There are over fifty plus schemes launched by the government covering all sectors of entrepreneurship and innovations.
- India has the lowest average age of entrepreneurs that is 28 years which is an advantage for the country.
- A lot of people of from rural areas have come forward as entrepreneurs due to the schemes run by the government.
- Around ten thousand plus people were benefited by MSME's in the year 2013-14 which was higher compared to others.

### SUGGESTIONS

- Infrastructural development:
- The government must focus on reaching out to all the rural areas of the state. This helps in access to information from the public to agencies and agencies to the public.
- Investing more in research and development: Especially the private agencies can help in conducting researches on the various innovations that come up.
- Provide awareness regarding the various patent rights

### CONCLUSION

India is one of the fastest growing capitals in the world. What make it a fast growing capital is the dynamic people living here. The population here is always coming up with the most interesting and ground breaking ideas. The government has realized this along with the roots of the problems faced by the people thus coming up with various strategies and plans policies that recognizes these young dynamic people and push them to become entrepreneurs. The government has come up with various programs like the prime ministers employment generation program, janashree bema Yojana for artesian. Helping the people to come up with new innovations and discoveries, ideas that will help in developing the society and the economy at the end.

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