

Meaning of Entrepreneur

The entrepreneur is defined as someone who has the ability and desire to establish, manage, and succeed in a startup venture along with risk entitled to it, to make profits. The best example of entrepreneurship is the starting of a new business venture. The entrepreneurs are often known as a source of new ideas or innovator, and bring new ideas in the market by replacing old with a new invention.

It can be classified into small or home business to multinational companies. In economics, the profits that an entrepreneur make is with a combination of land, natural resources, labour and capital.

Who is an Entrepreneur?

An entrepreneur is an individual who has an exclusive idea to initiate and establish a new venture and bring a change in the world. An entrepreneur is highly creative and innovative, takes a risk and endures the changeability of business. The business started by entrepreneurs with a new concept for the first time is known as Start-up. The entrepreneur is an integral part of the operation, who builds and deploys the other functions of the operations i.e. labour, land, and capital. Later in the future, the entrepreneur becomes a businessman.

Need for and Significance of Entrepreneurs in India!

The entrepreneurs are considered 'change agents' in the process of industrial and economic development of an economy.

The premium mobile role that entrepreneurs play in promoting industrial and economic development of an economy is well adduced across the countries.

Entrepreneurs are the 'spark plug' who transform the economic scene of an economy..

In India , Gujarat and Punjab are developed because of their entrepreneurial development and Bihar and Odisha are backward or underdeveloped because of the lack of entrepreneurial development. Thus, with entrepreneurs societies prosper, without them they are poorer.

In fact, the need for entrepreneurs in an economy can be imbued with multiplicity of justifications as listed below:

- a. Entrepreneurs promote capital formation by mobilising the idle saving of the people.
- b. They create immediate and large-scale employment by establishing small-scale enterprises. Thus, they reduce the unemployment problem in the country, i.e., the root cause of all socio-economic problems.
- c. They promote balanced regional development by establishing small-scale enterprises in rural, remote and less developed regions.
- d. They help reduce the concentration of economic power.
- e. They promote the equitable redistribution of wealth, income and even political power in the interest of the country.
- f. They encourage effective resource enlistment of capital and skill which might otherwise remain unutilized and idle.
- g. They, by establishing industries, induce backward and forward linkages which stimulate the process of economic development in the country.
- h. Promote country's export business, i.e. an important ingredient to economic development.
- i. Entrepreneurs create jobs. They create wealth. They create products and services

One way, perhaps the most plausible way, of examining and appreciating the role of entrepreneurs in economic development in India is to see their contribution to country's total production, employment, and exports.

It is interesting to mention that entrepreneurs by establishing small-scale enterprises contribute 35 per cent of gross value of the output in the manufacturing sector, about 80 per cent of the total industrial employment and about 40 per cent of total exports of the country. A cross-country (for example, Japan and Bangladesh) and cross-region (for example, Gujarat and Odisha) examination confirm that with entrepreneurs we prosper, without these we are poorer.

Entrepreneurship

Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses.

In economics, entrepreneurship connected with land, labour, natural resources and capital can generate a profit. The entrepreneurial vision is defined by discovery and risk-taking and is an indispensable part of a nation's capacity to succeed in an ever-changing and more competitive global marketplace.

Types of Entrepreneurship

It is classified into the following types:

Small Business Entrepreneurship-

These businesses are a hairdresser, grocery store, travel agent, consultant, carpenter, plumber, electrician, etc. These people run or own their own business and hire family members or local employee. For them, the profit would be able to feed their family and not making 100 million business or taking over an industry. They fund their business by taking small business loans or from friends and family.

Scalable Startup Entrepreneurship-

This start-up entrepreneur starts a business knowing that their vision can change the world. They attract investors who think and encourage people who think out of the box. The research focuses on a scalable business and experimental models so, hire the best and the brightest employees. They require more venture capital to fuel and back their project or business.

Large Company Entrepreneurship-

These huge companies have defined lifecycle. Most of these companies grow and sustain by offering new and innovative products that revolve around their main products. The change in technology, customer preferences, new competition, etc., build pressure for large companies to create an innovative product and sell it to the new set of customers in the new market. To cope up with the rapid technological changes, the existing organisation either buy innovation enterprises or attempt to construct the product internally.

Social Entrepreneurship-

This type of entrepreneurship focuses on producing product and services that resolve the social needs and problems. Their only motto and goal are to work for society and not make any profits.

Characteristics of Entrepreneurship:

Not all entrepreneurs are successful, there are definite characteristics that make entrepreneurship successful. Few of them are mentioned below:

- **Ability to take a risk-**

Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks is an essential part of being an entrepreneur.

- **Innovation-**

It should be highly innovative to generate new ideas, start a company, and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but more efficient and economical way.

- **Visionary and Leadership quality-**

To be successful, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality a lot of resources and employees are required. Here, leadership quality is paramount because a leader imparts and guides their employees towards the right path of success.

- **Open-Minded-**

In a business, every circumstance can be an opportunity and used for the benefit of a company. Paytm recognised the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilised the situation and expanded massively during this time.

- **Flexible-**

An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service as and when needed.

- **Know your Product-**

A company owner should be the product offerings, and also the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market.

Importance of Entrepreneurship:

- **Creation of Employment-**

Entrepreneurship generates employment. It provides an entry-level job, required for gaining experience and training for unskilled workers.

- **Innovation-**

It is the hub of innovation that provides new product ventures, market, technology, and quality of goods, etc., and increase the standard of living of the people.

- **Impact on Society and Community Development-**

A society becomes greater if the employment base is large and diversified. It changes society and promotes facilities like higher expenditure on education, better sanitation, fewer slums, a higher level of homeownership. Therefore, entrepreneurship assists the organisation in a more stable and high quality of community life.

- **Increase Standard of Living-**

Entrepreneurship helps to improve the standard of living of a person by increasing the income. The standard of living means, increase in the number of consumption of various goods and services by a household for a particular period.

- **Supports research and development-**

New products and services need to be researched and tested before launching in the market. Therefore, an entrepreneur also dispenses finance for research and development with research institutions and universities. This promotes research, general construction, and development in the economy

Small Business Meaning

A business which functions on a small scale level involves less capital investment, less number of labour and fewer machines to operate is known as a small business.

Small scale Industries or small business are the type of industries that produces goods and services on a small scale. These industries play an important role in the economic development of a country. The owner invests once on machinery, industries, and plants, or take is a lease or hire purchase. These industries do not invest more than one crore. Few examples of small-scale industries are paper, toothpick, pen, bakeries, candles, local chocolate, etc., industries and are mostly settled in an urban area as a separate unit.

Characteristics of Small Scale Industries

- **Ownership:** They have a single owner. So it is also known as a sole proprietorship.
- **Management:** All the management works are controlled by the owner.
- **Limited Reach:** They have restricted area of operation. So they may be a local shop or an industry located in one area.
- **Labor Intensive:** Their dependency on technology is very little because they are dependent on labours and manpower.
- **Flexibility:** Because they are small, they are open and flexible to sudden changes, unlike, large industries.
- **Resources:** They utilize local and immediately available resources. They do better utilization of natural resources and limited wastage.

Categories of Small Business

On the basis of capital invested, small business units can be divided into the following categories:

(1) Small Scale Industry (Before 2006)

- They invest in fixed assets of machinery and plant which does not surpass than one crore.
- For export improvement and modernization, expenditure ceiling in machinery and plant is five crores.

(2) Ancillary Small Industrial Unit

- This industry can hold the status of an ancillary small industry if it supplies a minimum 50 per cent of its product to another business i.e. the parent unit.
- They can produce machine parts, components, tools or standard products for the parent unit.

(3) Export Oriented Units

- This industry can possess the status of an export-oriented unit if it exports exceeds 50 per cent of its manufactures.
- It can opt for the compensations like export bonuses and other grants awarded by the government for exporting units.

(4) Small Scale Industries Owned by Women

- An enterprise operated by women entrepreneurs in which they alone or combined share capital minimum of 51 percent.
- Such units can opt for the special grants from the government, with low-interest rates on loans, etc.

(5) Tiny Industrial Units

- It is an Industrial or a company whose expenditure on machinery and plant does not exceed Rs. 25 lakhs.

(6) Small Scale Service and Business

- It is a fixed asset investment on machinery and plant excluding land and building should not surplus Rs. 10 lakhs

(7) Micro Business Enterprises

- It is a tiny and small business sector.
- The investment in machinery and plant should not exceed Rs.1 lakh.

(8) Village Industries

- The industries which are located in rural areas and manufacture any product performs any service with or without the utilization of power is called village industries.

They have fixed investments on capital as per head, workers, and artisan which does not exceed Rs.50, 000.

(9) Cottage Industries

- It is also known traditional or rural industries.
- These industries are not covered by the capital investment criterion.

Cottage industries are characterized by the following features :

1. These are organized by a single, with private resources.
2. Use family labour and local talent.
3. Simple instruments are used.
4. Small capital investment is involved.
5. Simple products are made.
6. Local technology is utilized.