

The Financiers: The Factual Progress Motorists of Indian economy

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Abstract:

The development and growth of a nation depends on its human resources and their capability to transform the available resources into a productive asset, and this capability exists in an entrepreneur. Thus an entrepreneur is a major contributor in growth of the economy. He is the one who generates income, increases the level of employment, achieves sustainable growth, and thus play a pivotal role in economic growth. They are the masters of their own destiny. Realizing the significance of new ventures and startups our present government have left no stone unturned in giving a boost to this sector. The recent schemes and policies announced by the Modi government have laid down the foundation of a nation which soon will become self reliant, the conducive environment being provided to the entrepreneur have spurred the growth of new start ups in the recent past. This paper tries to explore the factors that have led to growth of new breed of entrepreneur in the country, and also the challenges that they are facing. The paper also reviews the policy work of government that have facilitated to the ease of doing business in India.

Keywords: Financier, Policies, Economic growth, operating environment.

Introduction:

‘Every nook and corner of the globe is aware of the inherent strengths of free enterprise towards spurring economic advantages. India has taken some major leads in pitching entrepreneurship as the cure-all, and amidst this, EDI's contribution towards unfurling the powers of this discipline is laudable.’
- Kishor Kharat President-EDII

Private enterprise is generally understood to be the practice of starting a new venture in response to any perceived opportunity. But it does not limit itself to a single business rather it serves as an ocean of opportunities for many as it is a force that shapes up the society by providing job opportunities, generating income, increasing productivity, inducing a sense of affection for society and above all it is a great source of satisfaction for the individual who have started the new venture.

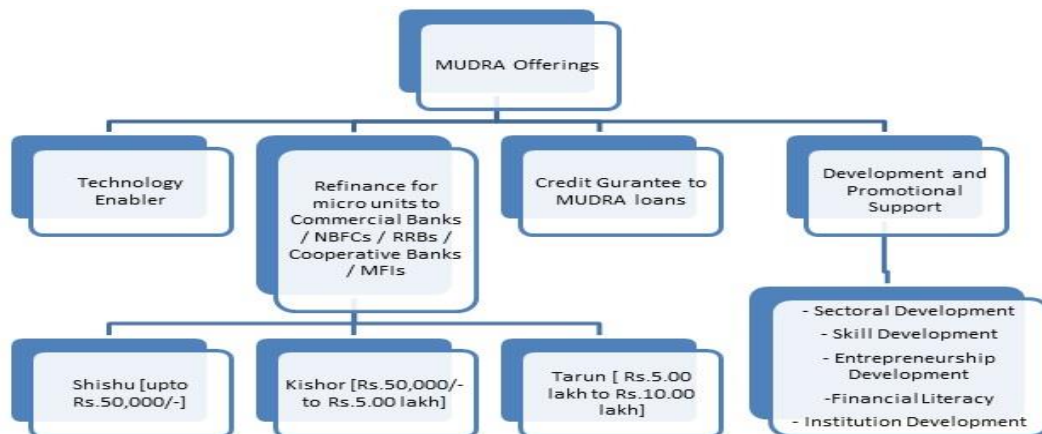
Pandey (2013) stated in his study that entrepreneurship is driving force for economic development and it is an essential instrument to bring structural, social and cultural change in livelihood and economic pattern of society.

Realizing the significance and contribution of an entrepreneur to an economy, the government is trying to provide all the possible support and cushion to people specially the youth who wish to start up their own venture. Not only the government but also other big industrialist and corporate houses are contributing in the stream. Such a mammoth support and congenial environment have led to proliferation

of this new breed. The youth are being more and more attracted towards this field moreover the educational institutions of the country have included ‘entrepreneurship’ as a subject in the curriculum. This helps in developing the thought process of students in a new dimension and induces self confidence among them to act as leader and start on his own. The next section of the paper discusses the important policy initiatives provided by the government to entrepreneurs.

Policy Initiatives for Promoting Enterprise

- To simplify the regulatory framework for the budding entrepreneurs, the government has introduced the Ease of Doing Business wherein an MSME unit has to fill in a single page self-declaration online form called **Udyog Aadhaar**. The Apprentices Act, 1961 was amended to enable even the MSME units to engage apprentices which will enable the units to get trained labour as well as in turn supply skilled labor. Under the Apprentice Protsahan Yojana, 50 percent of the stipend payable to the apprentices would be reimbursed by the Government for the first two years, which is an incentive for MSME units to take in more apprentices.
- To give boost to the Make in India program, the MSME Ministry has launched the **ASPIRE scheme** in March 2015, a Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship. The objective of the scheme is to set up a network of technology and incubation centers to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in agro-industry.
- To ease the credit availability requirements of startups the Government had announced the **MUDRA scheme**- Micro Units Development & Refinancing Agency, operated by SIDBI for providing refinance to micro units. This would improve the liquidity of the micro units who right now have to borrow from NBFCs and moneylenders at high rates of interest.



- **Atal Innovation Mission (AIM)**- This program operated from NITI Aayog is about an Innovation Promotion Platform involving academics, entrepreneurs and researchers and draw upon national and international experiences to foster a culture of innovation, R&D and scientific research in India. The platform will promote a network of world class innovation hubs and grand challenges for India. The overarching purpose of this mission is to promote a culture of entrepreneurship and innovation in India.

The key objectives of the AIM are:

- To create an umbrella structure to oversee innovation eco-system of the country;
- To provide platform and collaboration opportunities for different stakeholders;

- To study and suggest best and novel practices to be adopted by different stakeholders in the innovation chain;
- To provide policy inputs to NITI Aayog and various Government Departments and Organizations.
- To create awareness and provide knowledge inputs in creating innovation challenges and funding mechanism to government; and,
- To develop new programs and policies for fostering innovation in different sectors of economy.



**ATAL INNOVATION MISSION:
IN A NUTSHELL**

The government is looking to set up tinkering and incubation labs besides providing a leg-up to established incubation centres.

500 TINKERING LABS	100 INCUBATION CENTRES
AIM will provide grant-in-aid that includes a one-time establishment cost of Rs 10 lakh and operational expense of Rs 10 lakh for five years to each lab.	AIM will provide a grant-in-aid of Rs 10 crore to each incubation centre for five years to cover the capital and operational expenditure cost in running the centre. The applicant would have to provide a built-up space of at least 10,000 sq ft to qualify for financial support.

SCALE-UP SUPPORT TO 10 ESTABLISHED INCUBATION CENTRES | Grant-in-aid support of Rs 10 crore will be provided in two annual instalments of Rs 5 crore each.

Infographic: Bhakti Nair

➤ **SETU (Self Employment and Talent Utilization)**

Meaning of SETU is bridge in Hindi, it is a Techno-Financial, Incubation and Facilitation Programme that sustain all aspects of startup businesses and other self-employment activities, particularly in technology determined areas operated from NITI Aayog.



India Filings

Budget 2015: Self- Employment and Talent Utilisation (SETU) mechanism at a budgetary amount of Rs 1000 crore to encourage cutting edge technology startups to convert their ideas into business.

➤ Pradhan Mantri Kaushal Vikas Yojana (PMKVY)

It is the flagship outcome-based skill training scheme of the MSDE that aims to offer 24 lakh Indian youth meaningful, industry relevant, skill based training. The objective of this skill certification and reward scheme is to enable and mobilize a large number of Indian youth to take up outcome based skill training and become employable and earn their livelihood. As on 3rd March 2016, 1599895 people have been enrolled, 956871 completed trainings and 290002 got certified under PMKVY. The skill card will also be given to those certified under PMKVY which will act as authentic skill certification.



Issues and Challenges in growth of Free enterprise in India

In spite of several serious efforts by the government to facilitate the budding entrepreneurs there are several challenges and hindrances that comes in the way of a new start up

- **Social Challenge:** - An entrepreneur needs to first of all convince society and his family to let him start up his own business rather than opting for some white collared job. This challenge is mainly faced by people who do not belong to a business class family, as service class people do not have ample amount of money at their disposal nor are they risk takers so it becomes difficult for them to have the patients of starting up the business and wait till break even is achieved. Moreover they are also not in favour of taking loans from any financial institution at any subsidized rate also.
- **Education System:** though CBSE and UGC have included entrepreneurship as a subject in the curriculum at least in commerce and management courses and study of this subject exposes the students with the existing scenario and know how of performing a business.
- **Technological Challenge:** where on the one had technology have added lot of ease to our lives and made things very simple for us, on the other hand it adds lot of stress and complexity for us specially when we are not well acquainted with it. Similar is the case for an entrepreneur those who are technology friendly will always get an edge above those who are not being digitalized. Technology enhances the pace of doing business, reaching the customers, getting efficiency in production and logistics. Thus one cannot survive without using technology in business.
- **Raising Finance:** various government linked schemes of lending money at subsidized rate to young and women entrepreneurs exists, but the awareness to avail these benefits lack among the people. Besides being unaware they are also hesitant in getting into long government procedures to get the benefits.

- **Regulatory Hurdles:** one may know all the details about running a business successfully and generating profits out of it, but majority of us do not understand the regulatory hurdles in incorporation of the business unit, ongoing compliances, accounting procedures, legal procedures and tax policies, managing routine administration functions etc.
- **Talent Pool:** Acquiring and hiring the right set of people is also a difficult task as the market has a crunch of well qualified and intelligent intellectuals. More over during the starting phase as the company cannot offer competitive salary so acquiring and retention becomes difficult.

Conclusion

The trend of starting own business and working with own independence have picked up the pace in our country. Government support and policies have played a major role in giving a boost to this trend moreover as majority of our population is youth and they are risk takers which again fascinates them to enter business. Though some social and financial constraints prevail but gradually such notions of society will soon be washed off. Besides these social hindrances there lies even more difficult challenges which the dynamic business operating environment pose on its stakeholders, the emerging technological advancement, digitalization and increasingly interactive business models have changed the equations of the market. The entrepreneurs are forced to think about innovation quotients and bring instant gratification to their customers in order to lead the race. Thus entrepreneurship will groom and prosper in the years to come and it will surely transform India into a superpower.

“A financier searches for change, responds to it and exploits opportunities. Innovation is a specific tool of an entrepreneur hence an effective industrialist converts a source into a resource.” -Peter Drucker

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