

Fostering Entrepreneurship Among the Marginalized

Sunil Shukla



...promoting entrepreneurship abilities among the marginalized and socially backward sections of our nation (especially those who fall under the intersections of the discriminatory forces i.e. lower-caste disabled women) can lead to multi-dimensional progress both on the social and economic fronts. It could be used as an effective affirmative action tool to counter the social malaise of discrimination

An emerging economy needs inclusivity in its programmes and schemes to empower each and every section of society.

In the past seven decades, India has strategically initiated interventions to create economic empowerment opportunities for every stratum; yet there remains much scope for initiating programmes to uplift vulnerable sections of society who lack vital social capital to move up the social and economic ladder. Very often minority communities, persons with disabilities and women face alienation due to social stigma. The physically challenged and differently abled sections of our population are also sometimes subjected to unworthy living conditions. The state of disparities found among different social groups is growing. If the vulnerable section of this population is disaggregated further in terms of gender and disability, the numbers are distressing. Despite several years of liberalization and economic progress, achieving equal access to resources and opportunities and the state of inclusive development remains an unaccomplished goal.

Favourable Social Perception

A study conducted by Pratham for NITI Aayog suggests that, "about 70 per cent of respondents who come from semi-urban or rural areas aspire to become 'self-employed' entrepreneurs,

in stark contrast to their urban counterparts (The Indian Express, 2016)". The findings reiterate the fact that the country's youth especially in the rural regions are gearing up for entrepreneurship to overcome poverty and unemployment. India is a nation of youths with enthusiasm and courage. If we see the demographic profiles of youth, most of them come from marginalized communities in the rural areas which are largely resource constrained environments. However, there is an intrinsic entrepreneurial trait among these individuals which can be groomed to evolve successful entrepreneurs.

Inventing new products, solving complex social problems through novel solutions and breakthrough strategies fascinate them. They aspire to be the change agents in society. All they need is a reliable support system with proper guidance to take forward their ideas as new business, and convert them into successful ventures. The largest annual study of entrepreneurial dynamics in the world, The Global Entrepreneurship Monitor (GEM) Report 2016-17 finds an increase in the rate of 'entrepreneurial intention' to 14.9 per cent compared to 9 per cent 2015-16, whereas the 'fear of failure' declined from 44 per cent in 2015-16 to 37.5 per cent in 2016-17. The GEM Report 2016-17 finds that nearly 44 per cent of the adults in India see 'good opportunities to start a business'

The author is Director of Entrepreneurship Development Institute of India and also the National Team Leader of Global Entrepreneurship Monitor, India.

while 44 per cent perceive they have 'capabilities to start a business'. Similarly, Amway Entrepreneurship India Report-2015 finds that 30 per cent of surveyed respondents imagine 'starting their own business' (this study has used 10768 individual responses from 21 states across income groups, educational background and gender). Seeing the findings of two studies mentioned above, it could be derived that the future of entrepreneurship is encouraging as the perception has changed significantly about it in society. Also this is a healthy sign for entrepreneurship development in the country.

Challenges and Opportunities

Lack of education and skills is a major impediment among the marginalized. It results in lack of confidence to undertake responsibilities. Such lack of confidence and self-belief is seen particularly among women. Entrepreneurship motivation and Skill development with hands-on training can address these deficiencies. Workshops and seminar sessions have proved to be time-tested methods of attitude orientation and confidence building among youth. Through strategic planning approach



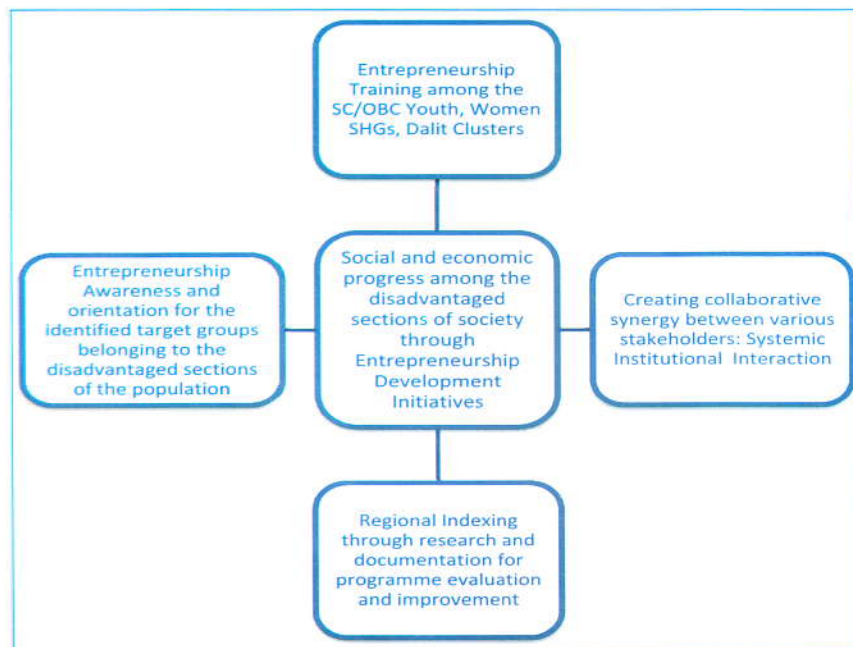
comprising focussed entrepreneurial training, guidance and mentoring, the marginalised sections of the population can be geared towards self-employment opportunities.

Shortage of finance, fear of risk and lack of functional literacy are some of the reasons that hold them back from starting their own enterprises. Further, research findings in this field identify constraints in raw materials supply, lack of adequate capital, absence of marketing infrastructure etc. as some of the primary hindrances for a rural entrepreneur. Moreover, due to lack of education, rural entrepreneurs also suffer from lack of aptitude and competency and lack of awareness

towards various facilities available to them (Saxena, 2012, p. 24). Hence they often keep themselves away from venturing into self-employment businesses and resort to working as daily wage labourers. Keeping in mind the aforementioned potential and challenges for rural enterprises, it is significant to contextualize entrepreneurship for the rural setup. It is important to understand the inter-relationship between internal market conditions and their dependency on larger policy frameworks in order to design appropriate entrepreneurship development programmes according to the nature and needs of the regions.

Post-1990 economic reforms in India have resulted in sporadic rise of Dalit entrepreneurs in the country but their representation in the ownership of private enterprises and the employment generated by them has remained very low for the Scheduled caste communities (Iyer, Khanna, & Varshney, 2011). With lower rates of workforce participation in scheduled caste owned enterprises, the Iyer et al note that the Scheduled Caste owners are unable to overcome the barriers to entrepreneurship which owners belonging to OBCs are able to surpass. Moreover, the scheduled castes find it difficult to expand their enterprises due to lack of capacity to compete and also due to discrimination faced in the business arena. Dalit Indian Chamber of Commerce and Industry (DICCI) has taken several laudable initiatives to empower the youth from the marginalised communities. In order to tackle the above challenges

Four-fold Strategy to Empower Disadvantaged sections of society through Entrepreneurship Development Initiatives





the following policy initiatives were taken by the government:

Start-up India Programme: As part of the start-up India action plan, the Government of India had set up a Fund of Funds for Start-ups (FFS) with a corpus of Rs. 10,000 crore to support these companies over the next four years. Funds make up the lifeline of budding new enterprises. This money is stated to be disbursed via the Small Industries Development Bank of India (SIDBI). Till date, the report claims that a total amount of Rs. 600 crore has been released to SIDBI for the FFS. While Rs. 605.7 crore has been committed by SIDBI, Rs. 90.62 crore has been disbursed to 17 Alternative Investment funds (AIFs). Such investments have been amounting to Rs. 337.02 crore and have been channelized to reach around 75 Start-ups. Moreover, the report claims that a total of 74 Startups have been given tax exemption under Section 80 IAC of Income Tax Act¹. Though these provisions are expected to boost the start-up aspirations and revitalize their enterprises across the country, start-up India programme is yet to gain momentum to leave a noticeable impact in terms of empowering youth and aspiring entrepreneurs. In two years it has utilized a minuscule amount of actual FFS. A virtual Start-up India Hub was created to provide information and learning resources to aspirants. The portal claims to have resolved 75,643 queries so far and boasts of 15000 registered users on the Start-up India Hub. The Learning and Development module designed for nascent entrepreneurs under the Start-up India program has been

used by 1,89,000 individuals so far. Although the initiative is appreciable, the impact is too less in a country like ours. It may be added that the concerned government department has also taken measured steps towards creating an enabling environment for entrepreneurship through various concerted efforts.

Stand-Up India Initiative: Under Stand up India Initiative, around 1.25 lakh bank branches are encouraged to fund SC/ST and women entrepreneurs to create around 2.5 lakh new entrepreneurs in the country. The idea is to facilitate bank loans from 10 lakhs to 100 lakhs to be given by each bank branch to one SC/ST and one Woman under Start-up India scheme to promote entrepreneurship among them. This scheme would also leverage the existing financial infrastructure and credit guarantee schemes to reach the people at the bottom of the pyramid primarily targeting the weaker sections. An estimated 2.5 lakh beneficiaries will benefit from it. In fact this scheme was formulated to *promote entrepreneurship at grass-roots for economic empowerment and job creation*. Till date the scheme has been able to receive 60795 applications and could sanction about Rs. 13217 cr. Nationally 103 banks with 133236 branches are active on the Stand-Up India web portal and out of 10084 online loan applications submitted, 2908 loans have been sanctioned.

The Mudra Scheme (Pradhan Mantri's Mudra Yojana, PMMY): The Micro Units Development and Re-finance Agency (MUDRA) is the

executing financial body that fulfils the programme objectives under Stand-up India initiative. Mudra provides funding support to financial institutions that lend small loans to the micro-units in the country. A Credit Guarantee Fund for Micro Units was also commissioned to provide payment against default in micro loans extended by banks, NBFCs, MFIs and other FI intermediaries. The micro-loans have been categorized and named 'Shishu', 'Kishor' and 'Tarun' according to the phase of growth of the firm and its corresponding funding needs. Under the PMMY scheme Rs. 6 trillion has been given to 12 crore beneficiaries and out of the 12 crore beneficiaries, 28 per cent (i.e. 3.25 crore) are first-time entrepreneurs. Also, it is worthwhile to note that about 74 per cent (i.e. 9 crore) borrowers are women and 55 percent belong to the SC/ST and OBC categories. In three years, this scheme has made attempts to empower the bottom of the society, however, a lot more needs to be accomplished. Follow-up mechanism and entrepreneurship mentoring would increase the enterprise sustenance of MUDRA supported enterprises and the Government could yield more jobs if these enterprises sustain on a growth trajectory.

Start-up Village Entrepreneurship Programme (SVEP) was also announced during the budget session of 2014-15 to motivate rural youngsters to take up self-employment opportunities with the help of state-sponsored financial support. Mainly the SVEP has been designed to bolster the rural economy and achieve financial inclusion through

micro-credit loans and mentoring support. It was proposed to act as a sub-scheme under National Rural Livelihood Mission of the Ministry of Rural Development, Government of India. In its current phase of validating the concept during the four years (2015-19), the SVEP has already started contributing to creation and strengthening of about 1.82 lakh village enterprises in 125 Blocks across 24 States which is likely to create employment for about 3.78 lakh persons. This initiative has sensitised the rural entrepreneurship landscape since its launch. The implementation part of this scheme could be standardised to make every region entrepreneurial in order to create sustainable rural enterprises.

Conclusion:

It is fair to conclude that promoting entrepreneurship abilities among the marginalized and socially backward sections of our nation (especially those who fall under the intersections of the discriminatory forces i.e. lower-caste disabled women) can lead to multi-dimensional progress both on the social and economic fronts. It could be used as an effective affirmative action tool to counter the social malaise of discrimination. Regular entrepreneurship development interventions, periodic mentoring and guidance sessions and an integrated policy strategy to micro-enterprises development using the potential of micro finance and Self-Help Groups can turn the socially backward communities into competitive entrepreneurs who can drive the economic aspirations of our nation. Moreover, working to enhance livelihood skills and employment training with entrepreneurial motivation has the twin purpose of generating employment on the one hand and exploiting the untapped resources and opportunities on the other hand.

References:

- Amway Entrepreneurship Report, India: 2015
- The Indian Express. (2016, February 3). *Dear Modi sarkar, Start Up India is fine, but what about rural entrepreneurship?* Retrieved November 13, 2017, from The Indian Express: <http://indianexpress.com/article/blogs/start-up-india-is-fine-but-what-about-rural-entrepreneurship/>
- Iyer, I., Khanna, T., & Varshney, A. (2011). Caste and Entrepreneurship in India. *Harvard Business School*, 4.
- Saxena, S. (2012, August). Problems Faced By Rural Entrepreneurs and Remedies to Solve It. *IOSR Journal of Business and Management*, 3(1), 23-29.
- Shukla, S., et al (2018). GEM India Report-2016-17. Emerald Publishing India. New-Delhi.
- The Hindu. (2016, April 6). Modi unveils scheme to make Dalits entrepreneurs. Uttar Pradesh, India. Retrieved April 03, 2017, from <http://www.thehindu.com/business/modi-unveils-scheme-to-make-dalits-entrepreneurs/article8438165.ece>
- The Statesman. (2016, October 18). Spirit of entrepreneurship among Dalits will boost economy. Retrieved April 03, 2017, from <http://www.thestatesman.com/india/spirit-of-entrepreneurship-among-dalits-will-boost-economy-171489.html>

Endnotes

¹C R Chaudhary, Minister of State for Commerce and Industry, stated in a written response to a question in the Lok Sabha on Dec. 18 2017)

(E-mail: sunilshukla@ediindia.org)

Admission Notice



SAGAR KUMAR



SHISHIR GEMAWAT

157 Selections in IAS 2017

GENERAL STUDIES

65% of INSIGHT GS FOUNDATION Course Students were Selected in IAS - 2017

This is the power of QUALITY & PERSONAL GUIDANCE of Team Insight

Foundation Course

Duration : 15 Months

GS Test Series

With Most Experienced Team

S. Baliyan	: History & Culture
S.M. Thakur	: Geography
A. Mangtani	: Indian Economy
A.N. Reddy	: Int. Relations
Abhay Thakur	: Indian Polity & Gov.
A. Mangtani	: Current Developments
S. Baliyan	: Ethics, Int. & Aptitude

ADMISSION OPEN

INSIGHT IAS ACADEMY

CENTRAL DELHI

60/17, Old Rajinder Nagar
New Delhi - 110060

NORTH DELHI

B-18, Mukherjee Nagar
New Delhi - 110009

011-45090051, 9818333201, 9871216382

YE-898112018