

# Role of Entrepreneurship in Economic Development in India: A Quantitative Investigation

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## Abstract

The economic development of India is greatly influenced by entrepreneurship. India's economy, which is expanding quickly, is dependent on the spirit of entrepreneurship to spur innovation, produce job opportunities, and promote economic progress. The innovation engine is the entrepreneurial spirit. They locate market insufficiencies, create fresh goods or services, and present fresh business concepts. They are willing to take chances and think creatively, which results in the development of novel solutions and, ultimately, a boost to the economy. Creation of new jobs through entrepreneurship is important. Large contributors to the creation of jobs in India are small and medium-sized businesses (SMEs), which are frequently run by entrepreneurs. These businesses improve the broader economic environment by creating jobs as well as raising productivity and encouraging skill development. Overall, through innovation, job creation, and market effectiveness, entrepreneurship drives economic development in India. To maintain economic growth, promote a vibrant business ecosystem, and address socioeconomic difficulties in the nation, it is essential to encourage and support entrepreneurial initiatives. The researcher had considered 203 people involved in economic development to know the role of entrepreneurship in economic development in India. It is found that Entrepreneurs take chances and think creatively, which results in the development of novel solutions and Rise of new businesses, increased productivity, and decreased income inequality due to entrepreneurship promotion.

**Keywords:** Entrepreneurship, Economic development, Innovation, Job creation, Small and medium-sized businesses (SMEs), Market efficiency, Socioeconomic challenges.

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## Introduction

The economic growth of India has been significantly impacted favorably by entrepreneurship. Shahbaz et al. (2017) examined into "the vitality use," "financial growth," and "economic development" in India led to the recognition of considerable relationships between these elements and the "relationship among entrepreneurship and economic growth" in an economy. They emphasized the significance of entrepreneurship in advancing the economy. Entrepreneurs have helped to diversify and grow the Indian economy by bringing new business concepts, cutting-edge goods, and services to market. Along with opening job prospects, their endeavours have also boosted market efficiency and competition. This led to a rise in productivity, better

resource allocation, and higher consumer welfare—all of which are essential for economic progress.

Additionally, according to Urbano and Aparicio (2016), entrepreneurial capital, which includes a variety of elements including "human resources," "social wealth," and "institutional wealth," greatly influenced economic growth. They emphasized how important entrepreneurship is to India's economic development on many levels, including social and institutional as well as financial issues. Entrepreneurs have helped to construct a favorable environment for economic growth by utilizing human talent, forging solid social networks, as well as determining supportive institutional frameworks.

Jena (2020) assessed the function of entrepreneurship education in promoting entrepreneurial intention and its effects on economic development, students' intentions to start their own businesses were greatly influenced by their attitude towards entrepreneurship education. People who have education in entrepreneurship are more prepared to recognize possibilities, seize them, take calculated risks, and launch creative businesses. Students who are encouraged to have an entrepreneurial mindset may be more likely to engage in business ventures, promote innovation, and advance India's economy. Kenney et al. (2013) looked into the contribution of "returnee entrepreneurs" to the expansion of high-tech enterprises. They emphasized the necessity of international entrepreneurial education and experience in promoting the growth of these sectors in India. With their international experience and knowledge, returning entrepreneurs have been instrumental in developing creative firms, bringing new technology, and luring foreign capital. Their efforts not only promoted technological development but also produced job opportunities and improved the nation's standing in the world market. The success of returning entrepreneurs is an example of how their outside experiences have been important resources in promoting economic growth in India.

## Literature Review

The importance of entrepreneurship in India's economic development has been recognised as a key driver by financial inclusion. Sharma (2016) emphasized how "financial inclusiveness" and economic expansion are intertwined in the developing Indian economy. The ability to access financial services more easily, including "financial "credit," and "insurance," has given aspiring entrepreneurs the tools they need to launch and expand their enterprises. Because people from various socioeconomic backgrounds can now engage in economic activities, local economies are stimulated, and job possibilities are generated, entrepreneurship has been encouraged. "Financial inclusion" has enabled business owners, particularly in disadvantaged areas, to overcome financial barriers and advance India's economy.

Furthermore, "inclusive growth" in India has been greatly aided by its promotion of "financial inclusion." Dixit and Ghosh (2013) emphasized on the inclusion of finance and how it affected inclusive growth in various Indian states. They emphasized how providing financial services to the less fortunate and marginalized groups in society has enhanced their economic well-being and fostered inclusive growth at the local and national levels. Women, people from underrepresented groups, and residents of rural areas have all benefited significantly from entrepreneurship and "financial inclusion." India has seen the rise of new businesses, increased productivity, and decreased income inequality due to the promotion of entrepreneurship through financial inclusion, resulting in more equitable economic development.

The socio-economic growth of India has been greatly influenced by self-help groups (SHGs). The role that SHGs play in fostering entrepreneurship and emancipating people was examined by Sundaram (2012). This emphasized the function of SHGs to offer "microfinance," "the abilities education," and "social assistance" to participants, particularly women. SHGs have been crucial in developing income-generating activities, alleviating poverty, and enhancing the general socio-economic well-being of people and communities through encouraging entrepreneurship at the community level. The success of SHGs in India exemplifies how entrepreneurship can act as a driver for both social and economic advancement. India now has more prospects for entrepreneurship thanks to the development of "smart cities." The necessity for research on the connection between smart towns and entrepreneurs was highlighted by Kummitha (2019). Smart cities offer a supportive environment for creative companies and entrepreneurial endeavors since they are outfitted with cutting-edge technologies and digital infrastructure. The creation of entrepreneurial ecosystems supported by greater connection, resource optimisation, and improved quality of life has been made possible by the combination of "smart technologies," including the Internet of Things (IoT) and data analytics. Entrepreneurship can stimulate economic growth, draw in investments, and promote sustainable urban expansion in smart cities.

The economic growth of India has also been significantly influenced by digital entrepreneurship. Sataalkina and Steiner (2020) emphasized entrepreneurship in the digital age and its function in innovation systems. Effective companies in industries like e-commerce, fintech, and technological development have arisen in India because of digital entrepreneurs. Entrepreneurs have disrupted established markets, developed fresh business strategies, and helped the nation's economy grow by utilizing digital technologies.

India's economic growth and development have been greatly influenced by small and medium-sized businesses (SMEs). SMEs are vital for advancing economic development, according to Taiwo et al. (2012) looked at the impact of SMEs on economic growth. Small and medium-sized businesses (SMEs), which are distinguished by their "small scale" and "flexibility," support innovation, job growth, and higher productivity. They foster fresh ideas and market competition while acting as an incubator for business. Small and medium-sized businesses have flourished across a range of industries, which has had a beneficial knock-on effect on the economy as a

whole and contributed to long-term, sustainable growth. India's sustainable development is increasingly dependent on the social entrepreneurship of women. Agarwal et al. (2020) assessed the elements influencing the sustained growth of women-led social businesses. They highlighted the significance of elements like "financial assistance," "networking," and "training and capacity-building" for empowering female entrepreneurs and promoting sustainable development. To address social challenges, empower marginalized groups, and create job opportunities, women-led social enterprises have significantly contributed. Women's social entrepreneurship has been essential in advancing sustainable growth and social welfare by establishing an inclusive and equitable business ecosystem.

**Objective:** To ascertain Different Role of Entrepreneurship in Economic Development in India.

**Methodology:** The researcher had considered 203 people involved in economic development to know the role of entrepreneurship in economic development in India. The survey was conducted with the help of a questionnaire. The researcher had collected the primary data through random sampling method and was analyzed by statistical tool called mean and t test.

### Findings

**Table 1 Role of Entrepreneurship in Economic Development**

S. No.	Statements	Mean Value	t value	Sig.
1.	Entrepreneurs spur innovation, produce job opportunities, and promote economic progress	3.14	2.030	0.022
2.	Locate market insufficiencies, create fresh goods or services, and present new business concepts	3.19	2.772	0.003
3.	Entrepreneurs take chances and think creatively, which results in the development of novel solutions	3.15	2.223	0.014
4.	Entrepreneurs create jobs, raise productivity, encourage skill development to improve economic environment	3.17	2.469	0.007
5.	Financial inclusion enables entrepreneurs to overcome financial barriers and advance India's economy	3.16	2.362	0.010
6.	Rise of new businesses, increased productivity, and decreased income inequality due to entrepreneurship promotion	3.13	1.887	0.030

Table 1 ascertain different role of entrepreneurship in economic development. The respondent says that entrepreneurs locate market insufficiencies, create fresh goods or services, and present new business concepts with mean value 3.19, Entrepreneurs create jobs, raise productivity, encourage skill development to improve economic environment with mean value 3.17 and financial inclusion enables entrepreneurs to overcome financial barriers and advance India's

economy with mean value 3.16. The respondent also says that Entrepreneurs take chances and think creatively, which results in the development of novel solutions with mean value 3.15, Entrepreneurs spur innovation, produce job opportunities, and promote economic progress with mean value 3.14 and Rise of new businesses, increased productivity, and decreased income inequality due to entrepreneurship promotion with mean value 3.13. The value under significant column for all the statements related to role of entrepreneurship in economic development are significant with value below 0.05 after applying t-test.

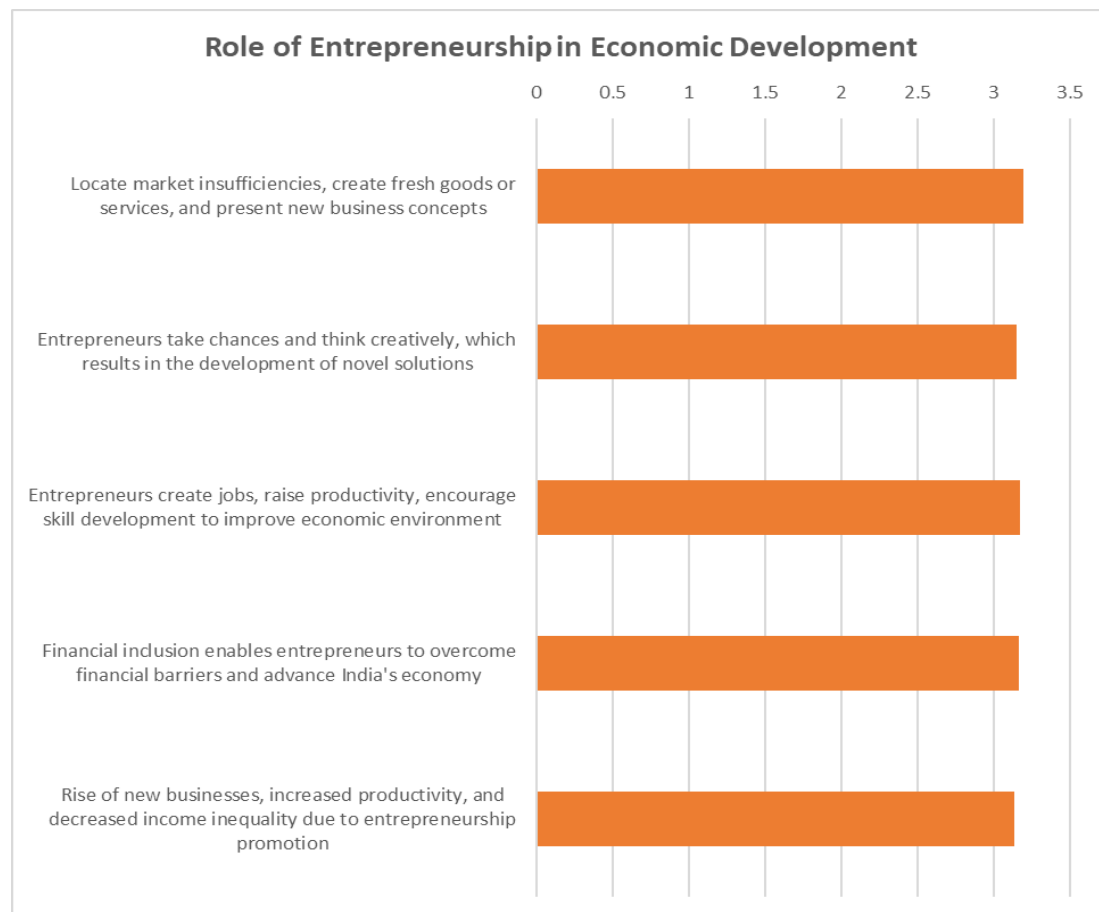


Figure 1 Role of Entrepreneurship in Economic Development

## Conclusion

In conclusion, entrepreneurship is essential to India's economic progress. Its significance cannot be overestimated given that it fosters innovation, job development, and economic expansion in general. Entrepreneurs support the development of new markets, the growth of existing industries, and the creation of wealth by starting new businesses and introducing innovative ideas. Through the creation of jobs, entrepreneurship in India has the ability to alleviate the problems of poverty and unemployment. It enables people to become independent and take control of their financial well-being. Additionally, it promotes a culture of innovation, adaptability, and risk-taking, all of which are necessary for a healthy economy. Entrepreneurs also spur innovation by seeing market voids and coming up with original solutions to fill them. They

introduce innovative goods, services, and technologies that boost competitiveness, productivity, and efficiency. As a result, there is an uptick in exports, foreign investment, and national economic expansion. Additionally, entrepreneurship in India encourages societal advancement and inclusivity. It promotes marginalized groups' involvement in economic activities, such as women, young people, and rural populations. Entrepreneurship can help close economic gaps and encourage a fairer distribution of wealth by presenting possibilities for these groups in society. In conclusion, entrepreneurship in India serves as a driver for economic growth. It stimulates creativity, opens doors for employment, and propels expansion across a range of industries. India can realize its full potential and make inclusive, sustainable economic success by creating a thriving business ecosystem. The study was conducted to know the different role of entrepreneurship in economic development in India and found that entrepreneurs locate market insufficiencies, create fresh goods or services, and present new business concepts, Entrepreneurs create jobs, raise productivity, encourage skill development to improve economic environment and financial inclusion enables entrepreneurs to overcome financial barriers and advance India's economy.

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