

## **Youth Entrepreneurship: Opportunities and Challenges in India**

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**Abstract:** This paper focuses and provides an insight into the current scenario of today's engineering graduates; the careers opted by various engineering students, either jobs or higher education. The role of these young and dynamic students with potential in entrepreneurship is been focused and given a broader aspect. Attention is also given on the current challenges that are faced by the young entrepreneurs and what opportunities lay for them in entrepreneurship. Some suggestions on possible roles of government, educational and financial institutes are also listed. Along with this, a case study on Aspiring Young Entrepreneurs is discussed where undergraduate students of Walchand College of Engineering, Sangli mutually endeavor to gain entrepreneurial skills collectively.

**Keywords:** youth entrepreneurship, challenges, opportunities, Aspiring Young Entrepreneurs, Reserve Bank of India, economic development

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### **I. Introduction**

Nobody can be left in any doubt as to the importance of innovation for prosperity upon reading that "people living in the first decade of the twentieth century did not know modern dental and medical equipment, penicillin, bypass operations, safe births, control of genetically transmitted diseases, personal computers, compact discs, television sets, automobiles, opportunities for fast and cheap worldwide travel, affordable universities, central heating, air conditioning ...technological change has transformed the quality of our lives." [1]. The term "entrepreneurship" comes from the French verb "entreprendre" and the German word "unternehmen", both means to "undertake". Bygrave and Hofer in 1891 defined the entrepreneurial process as involving all the functions, activities, and actions associated with perceiving of opportunities and creation of organizations to pursue them" [2]. There are around 310 engineering colleges in Maharashtra and around a million engineers graduate every year in India. There is a prevalent trend set in the society and the mindset of people. Engineering studies can only give a good and decent job. So nowadays, there is a trend is set of completing engineering after getting good score at pre-Engineering exams and 12<sup>th</sup> std exams. Few needful students get the job, few opt for higher studies, it may be either M. Tech, M.S in abroad, or an MBA. Few passionate people opt for higher education, like PhD to become teachers but it is not uncommon to find that those who are opting for teaching career are the ones who end up with all the other options of career. Application of the knowledge is seen to be vital problem and needs to be addressed. While job has become the ultimate aim for many after completing the education, it is not common to find youth entrepreneurs, social or business, willing to contribute towards society. Rapid economic catch-up depends on countries' entrepreneurs being able to absorb and creatively adapt international technological knowledge.

### **II. Definition And Types Of Entrepreneurship**

Entrepreneurship can be defined as follows, it is the professional application of knowledge, skills and competencies and/or of monetizing a new idea, by an individual or a set of people by launching an enterprise, thus to pursue growth while generating wealth, employment and social good.

Social and Business entrepreneurship: What is the difference between social entrepreneurship and business entrepreneurship? Both approaches fulfill a need in the market and aim to earn a sustainable profit. The main difference is that social entrepreneurship focuses beyond simply generating a profit, and measures its performance on the positive impact the business makes on society – whether social, cultural or environmental. This focus on generating positive social returns make social enterprises an important alternative to conventional and outdated "corporate social responsibility" model which tend to only occur once healthy profits have been achieved.

### **III. Young Entrepreneurs: Role they can play and how successful they are**

Although youth may not seem like a likely group for entrepreneurship because of their inexperience and lack of finances, they do have an interest in entrepreneurship and many of them believe that self employment is feasible. Although young and adult entrepreneurs tend to have similar motivation for entrepreneurial activities, they often have different approaches and run different types of businesses. However, at the same time, they are likely to be more open than adult entrepreneurs to international activity.

Given that many young people run businesses that operate in highly competitive industries with low barriers to entry, it is perhaps unsurprising that many businesses run by young people do not necessarily grow, survive or provide sustainable incomes. This reflects the wider difficulties that most small-scale businesses have in growing and surviving. Businesses run by young entrepreneurs have lower survival rates than those of experienced entrepreneurs. However, young people's businesses that do survive have more growth potential than those of older entrepreneurs on average. Among businesses that survived three years, those run by people under 30 years old had an average growth rate of nearly double the growth rate of businesses run by those over 40 years old [4]. This suggests that young entrepreneurs are a high risk but high reward group of entrepreneurs. Policymakers need to keep this in mind because programs that target those most likely to succeed will have a greater impact.

### **IV. Challenges faced by young entrepreneur**

Most prevalent challenge faced by the youth entrepreneur is that of inaccessibility of relevant information. Prevalent mentality of opting for job or post graduation has lead to lack of the awareness in the youth regarding establishing an enterprise. India needs young and dynamic entrepreneur in every field with various new innovations and technology. Youth appear to be facing barriers preventing some from turning ideas into projects. What are these barriers? They arise in the areas of social attitudes, lack of skills, inadequate entrepreneurship education, lack of work experience, under capitalization, lack of networks, and market barriers. These will be discussed in turn, but it is important to note that they are inter-related, which implies the need for a package of policy tools, rather than a single one-shot solution.

- Young people are affected by their family, teachers and society as a whole. Important role models, such as parents and teachers, are often not very aware of the requirements and opportunities of entrepreneurship. This lack of awareness results in a lack of encouragement for entrepreneurial activities, or even negative social attitudes that act as an obstacle to youth entrepreneurship.
- It is generally argued that education and training programs do not do enough to nurture entrepreneurial attitudes and skills, but rather prepare students for paid employment, despite some recent improvements in this area.
- Prior work and entrepreneurship experience is a major determinant of business start-up and entrepreneurship performance. Relative to older individuals, younger people are less likely to have sectorial, managerial or prior business experience and are more likely to be unemployed. They may, therefore, lack the skills needed to set up or run their business.
- Entrepreneurs with greater initial financial resources are more likely to succeed. Young people are in a disadvantaged position because not only will they have low personal savings, but they will also find it more difficult than adults to obtain external finance, including debt finance. Youth-owned firms generally don't fit in the assessment parameters for bank loans.
- Young people likely have limited business networks and business-related social capital. This may have consequences for setting up and running their businesses and building 'legitimacy' among key stakeholders.
- Market barriers also affect youth entrepreneurship. Financial markets may be biased away from supporting youth businesses.

Youth-owned businesses may also face "discrimination" in product markets, with customers who can be skeptic about the reliability of their products or services. Similarly, due to limited resources, youth-owned firms are more likely to enter industries with low entry barriers where competition is fierce.

### **V. Roles that can be played by financial institutes**

- Banks must consider Entrepreneurship as a major business opportunity.
- Explore innovative options such as venture debt, soft loans etc for start-ups.
- Implement significant policy initiatives, including relevant RBI recommendations which facilitate ease of credit flow to small entrepreneurs.
- Launch Entrepreneurship Outreach events (not just in schools and colleges, but also through the media).

- Improve general perceptions regarding entrepreneurship to influence family and community support for first generation entrepreneurship.

#### **VI. Role that can be played by Educational Institutions/R&D Centers**

Develop content, learning methods, pedagogy, examination systems and curricula that encourage critical and lateral thinking, incorporate case studies of real life situations in the curriculum so that students are able to get a 'concrete feel' of the outside world.

- Introduce manuals in school curricula on 'How Things Work' on various practical aspects of everyday living;
- Explore ideas for flexibility of vocational education with mainstream education for greater linkages between theory and practice.
- Make Entrepreneurship a core subject in business schools, including topics relating to business ethics, early enterprise management, relevant aspects of scaling-up, Indian corporate law and relevant international laws in curricula, explore possibilities of establishing.
- Entrepreneurship schools at the undergraduate and post graduate levels such as the one envisaged at IIT Kharagpur, with possible alumni and NRI involvement.
- Encourage student-led entrepreneurial activities in campus with active stakeholder participation; encourage initiatives such as business plan contests by holding 'Enterprise Fairs'. Encourage activities that deal with the basic practicalities of Entrepreneurship and platforms to interact with various entrepreneurs, the financial community (especially Vice Chairman) and relevant networks.
- Set up Enterprise Centers in major Educational and Research Centers, with industry linkages.
- Create greater linkages with industry; provide flexible options and supporting environment for those with PhD degrees to translate high tech innovations into wealth generating ideas and entrepreneurial ventures.

#### **VII. Roles that can be played by government**

In developing countries, the benefits of innovation by entrepreneurs depend on the characteristics of the system of innovation within which they are embedded. The better the system of innovation, the more able a developing country will be to tap into global technology [5].

- Government should frame policies that encourage new entrepreneurs' demands and which shall ease their work.
- Encourage conducive environment for business.
- Ease tax norms and the process of tax filling by reducing the frequency of taxes.
- Form a one-stop-shop and maintain up to date information in the form of source book, web portal, for new start-ups.
- Develop recognition and reward systems for entrepreneurship, at the local, state as well as national levels.
- Make policy information available and easily accessible which are relevant to new start-ups.

#### **VIII. A Case study: Aspiring Young Entrepreneurs**



**Figure 1:** Logo of Aspiring Young Entrepreneurs:  
An initiative in Walchand College of Engineering, Sangli

Aspiring Young Entrepreneurs is a group organized in Walchand College of Engineering, Sangli by undergraduate students. It organizes and participates in various events which shall boost their entrepreneurial skills. Around 35 students are actively working in this group for various activities. Aspiring Young Entrepreneurs meets weekly in groups and conducts discussions. It organizes visits and guests lectures which

shall help in developing skills, elevate knowledge and improve their management capability. Aspiring Young Entrepreneurs is proving to be a potential platform for the undergraduate students of Walchand College of Engineering, Sangli. It gives students a platform to encourage the entrepreneurship in them amid their engineering curriculum.

The passionate undergraduate engineers interested in entrepreneurship mutually endeavor to gain collectively. Though challenges and obstacles are faced, students try to overcome them. This is one of the common qualities in any successful entrepreneur, solving the problem collectively. Some of the obstacles are accessibility to relevant information, financial awareness and knowledge, lack of expertise, lack of monetary support etc. These mentioned obstacles are more relevant since the students are of engineering background.

Activities of Aspiring Young Entrepreneurs include-

- Organizing lectures and talks by successful entrepreneurs
- Actively participating in business events like B-Plan, FOREX, Third Side, MUN, Niftex etc.
- Visits to NGO's like Palvi in Pandharpur, Maharashtra.

Such sessions organized in Aspiring Young Entrepreneurs Group usually start with experience of the guests in his field. Various facts which should be kept in mind while setting up business are discussed. Discussions also emphasize on importance of the targeting of appropriate audience for particular venture. The discussion of the funding of the start-ups also takes place. The speaker also focuses on the fact, how ventures should be started keeping in mind, the current technical developments and the need of future. Finally, discussions usually end up with interactive sessions.

### **IX. Points noteworthy to young entrepreneurs**

Few noteworthy points that shall help entrepreneur for their successful ventures are-

- Increase networks with other entrepreneurs to encourage sharing of ideas and experiences, and to mentor upcoming entrepreneurs.
- Learn from document failures as much as successes and learn from each experience.
- Invest in people and build teams that follow inclusive approaches (address the needs of talent at all levels), develop incentives and bolster human resources—translate business strategy into talent strategy.
- Understand products and markets well.
- Conduct extensive background research, especially on marketing and financial aspects.
- Focus on quality – ‘Cost is forgotten, quality never’.
- Match the skills, mindsets and beliefs with the business venture – focus on core strength and excel.
- Do not cling on to the venture, – especially in up-scaling – hire individuals who are better than you; if you are responsible, give autonomy and divest authority.
- Be open to ideas. Take informed risks.
- Hard work, persistence, perseverance, confidence – these are the ‘must qualities’ for every entrepreneur.
- Be honest – never compromise on ethics or offer bribes.
- Build strong foundations and then grow; take incremental steps.
- A history of paying taxes and having a decent balance sheet helps when you approach lending institutions.
- Possess ‘ferocious ambition’ and believe that the ‘sky is the limit’.
- Develop clear business plans and targets for growth.
- Undertake information disclosures and participate in the development of the rating processes of banks, to enable better risk management for finance.

### **X. Conclusion**

Young entrepreneurs are the wheels on which a country can run its economy. Innovation can play an important role in catch-up and growth in a global economy. But the policy and institutional environment is an important determinant of innovative behavior. Government support for innovation is important. The young entrepreneurs have their own set of challenges and opportunities. In a country like India, the population is not only diverse but also huge. With world's largest youth population, it is imperative to impart entrepreneur skills in these people. Sometimes, even an adverse environment can spur innovative behavior and entrepreneurs may become the drivers of policy and institutional change, rather than only being determined by the policy and institutional Environment. The country's economic policy environment must be favorable for organizations to achieve efficiency in today's global market. It should enable the entrepreneurs to provide a magical touch to an organization, whether in public or private or joint sector, in achieving speed, flexibility, innovations, and a strong sense of self-determination. They bring a new vision to the forefront of economic growth of a country. The study of entrepreneurship has relevance today, not only because it helps entrepreneurs better fulfill their personal needs but because of the economic contribution of the new ventures. More than increasing national

income by creating new jobs, entrepreneurship acts as a positive force in economic growth by serving as the bridge between innovation and market place.

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