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Entrepreneurship development: A hope for unemployed rural youth of India

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Abstract

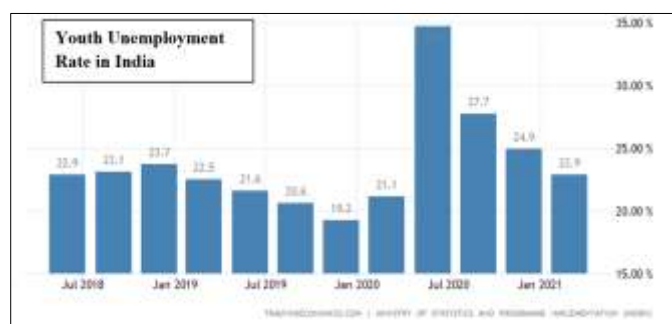
Creating jobs for young people is a major challenge around the world, which has been further exacerbated by the global financial crisis that hit this group hard. Our country is facing many problems but one of the serious problems is of unemployment. Thousands of young people remain idle even after completing their studies. The National Youth Policy of India defines a “youth” as a person in the age group 15 to 35 years of age. The UN (United Nation), on the other hand, defines a youth as somebody between 15 to 24 years of age. The unemployed rural youth faces various problems viz; increase rate of crimes, suicide, poverty, lower economic growth, to get rid from the unemployment stress youth pretend to accept alcohol or drugs, find the wrong way to earn money, health issues, etc. To overcome the problems of unemployed youth Government of India has provided tremendous schemes to decrease the rate of unemployed youth. According to Labour Bureau of Government of India census reported that youth unemployment rate is decreased to 12.90 percent in 2013 from 18.10 percent in 2012. Youth Unemployment Rate in India averaged 23.74 percent from 2018 until 2021, reaching an all time high of 34.70 percent in the second quarter of 2020. (Source: Ministry of Statistics and Programme Implementation, MOSPI). Youth employment is a high-priority agenda item for our government. This can happen only if we equip our young people with skills that are required to meet the demands of our rapidly growing economy. This paper aim to provide detail concept on entrepreneurs development and explains how it is need of the hour to solve unemployment problem of India.

Keywords: Entrepreneurships development, unemployment, rural youth, skills

Introduction

Youth unemployment and underemployment is prevalent around the world because young people lack skills, work experience, job search abilities and the financial resources to find employment (ILO, 2006) ^[1]. In developing countries, this situation is exacerbated by poverty and the competitive pressures that result from a rapidly growing labour force. Moreover, the inadequacy of social protection schemes and active labour market policies means that young people in such economies have little support outside their family and friends. India faces today a number of problems. But the problem of Youth unemployment has become very serious in recent years. Because the problem is very extensive, it has attracted wide attention and discussions in the country. Of course, the problem of unemployment among youths has raised its head in almost every country, but that cannot be our consolation. The number of unemployment youths in our country has already reached an alarming proportion and still the number is increasing every year. It is really a matter of pity and shame that though willing to work, a large number of our youths find no scope of employment. Thousands of young people remain idle even after completing their studies. The National Youth Policy of India defines a “youth” as a person in the age group 15 to 35 years of age. The UN (United Nation), on the other hand, defines a youth as somebody between 15 to 24 years of age. According to the 2011 Census, youth account for 20 percent of the total population. However, 84.5 million young people in India live below the poverty line, which is the highest rate worldwide, at 44.2 percent of the total youth population. Globally, young people are more likely to be unemployed or employed on more precarious contracts or in the informal sector. In the midst of a severe recession, youth find it increasingly difficult to both acquire a job as a new entrant in the labour market, particularly as a consequence of hiring freezes, and remain employed, since they are more likely to be laid off than workers with more seniority (‘last in-first out’) (Verick, 2009) ^[2]. According to ILO’s Global Trends Report 2012 on Youth, nearly 75 million young people are unemployed across the world, which represents an increase of more than 4 million since 2007. These challenges are evident in India, which has the largest youth population in the world with around 66 percent of the total population under the age of 35.

In this regard, governments are rightly concerned about rising levels of youth unemployment and underemployment because of not only the direct economic costs, but also due to the social impact of joblessness as manifested by increased crime, lower economic growth, suicide as the last option of their life, mental health problems, poverty, violence, drug taking and social exclusion. Youth employment is a high-priority agenda item for our government. This can happen only if we equip our young people with skills that are required to meet the demands of our rapidly growing economy. Youth Unemployment Rate in India decreased to 12.90 percent in 2013 from 18.10 percent in 2012. Youth Unemployment Rate in India averaged 15.50 percent from 2012 until 2013, reaching an all time high of 18.10 percent in 2012 and a record low of 12.90 percent in 2013. Youth Unemployment Rate in India is reported by the Labour Bureau of Government of India. Youth Unemployment Rate in India averaged 23.74 percent from 2018 until 2021, reaching an all time high of 34.70 percent in the second quarter of 2020. (Source: Ministry of Statistics and Programme Implementation, MOSPI)



Source: www.tradingeconomics.com/labour bureau of Government of India

Fig 1: Youth Unemployment Rate in India

From the above scenario, it can be said that entrepreneurship development is one of the most effective solutions of unemployment problem of India.

The word entrepreneur originates from the French word, *entreprendre*, which means "to undertake." Basically an entrepreneur is a person responsible for setting up a business or enterprises. Entrepreneurs are people who create and grow enterprises. Entrepreneurs are pioneers, innovators, leaders and inventors.

According to Peter Drucker "Entrepreneurship is defined as a systematic innovation, which consists in the purposeful and organized search for changes, and it is the systematic analysis of the opportunities such changes might offer for economic and social innovation.

Materials and Methods

In order to complete the objectives of the study, a qualitative research approach was applied. In depth desk study was carried out. The desk research reviewed relevant literature relating to youth entrepreneurship development, including relevant texts and journal articles, internet and other publications. The literature review was done with a view to summarizing and updating key information with regards to youth entrepreneurship in general and to crucial factors for engaging in entrepreneurial activities of rural youth in particular. Government initiatives for entrepreneurship development have also been integrated into the study.

Concept of entrepreneurship development

Entrepreneurship development is concerned with the study of entrepreneurial behaviour, the dynamics of business set-up, development and expansion of the enterprise. Entrepreneurship development (ED) refers to the process of enhancing entrepreneurial skills and knowledge through structured training and institution-building programmes. It basically aims to enlarge the base of entrepreneurs in order to hasten the pace at which new ventures are created. This accelerates employment generation and economic development.

Entrepreneurship development focuses on the individual who wishes to start or expand a business. Entrepreneurship is promoted to help alleviate the unemployment problem, to overcome the problem of stagnation and to increase the competitiveness and growth of business and industries. Various attempts have been made to promote and develop entrepreneurship. By giving specific assistance to improve the competence of the entrepreneur and his enterprise so as to enhance his entrepreneurial objectives and accommodate more people to become entrepreneurs as well.

There are so many institutes in India where they take up a training programme on Entrepreneurship Development to promote good and services and better livelihood for the rural youth of India.

Types of Unemployed Rural Youth

Unemployment rural youth can be categorized as follows:

1. Seasonal Unemployment
2. Disguised Unemployment
3. Underemployment

Seasonal Unemployed: Seasonal unemployment occurs at certain seasons of the year. It is a widespread phenomenon of Indian villages basically associated with agriculture. Since agricultural work depends upon nature, therefore, in a certain period of the year there is heavy work, while in the rest, the work is lean. The Seasonal unemployment means the demand for a specific kind of work and workers change with the change in the season. It is more or less predictable as it is known with certainty the time period during which the demand for the commodity changes.

Solutions to Seasonal Unemployment

- Try to diversify the economy.
- Regulations which involve paying workers throughout the year, even if work is temporary.
- Government creating jobs in off-season to improve infrastructure.

1. Disguised Unemployment: Disguised Unemployment exists where part of the labor force is either left without work or is working in a redundant manner where worker productivity is essentially zero. It is unemployment that does not affect aggregate output. An economy demonstrates disguised unemployment when productivity is low and too many workers are filling too few jobs. It implies that many workers are engaged in productive work.

2. Underemployment: Underemployment may be defined as a situation in which workers are employed below their education or skill level or their availability. It usually refers to that state in which the self employed working people are not working according to their capacity.

Economic cost of Unemployment



Fig 2: Economic cost of Unemployment

Importance of Entrepreneurship Development for Unemployed Rural Youth

Entrepreneurship is highly regarded as an important strategy to solve not only unemployment, but as a mechanism to respond to uncertain national landscape (NEDI 2009) [3]. So it is an important mechanism to deal with the society's unemployment agenda. Investing in entrepreneurial ventures and educating people to start-up those ventures can be an invaluable tool to advance human resources to promote socio-economic development. Therefore youth entrepreneurs have important role to play in the process of industrial as well as economic development. They could assist to generate employment opportunities for youth, to raise income for them and to break the vicious circle of poverty (Chigunta 2002) [4]. Youth unemployment is an immense waste of human resources that could contribute to economic and social progress. Moreover, entrepreneurs are risk takers, implementers and innovators, who can bring the change in socio economic status of the society via creation, exploitation and exploration of emerging opportunities in the market (Das 2014) [5]. Entrepreneurs create new technologies, products, and services to meet society's needs (Nicolaidis 2011) [6]. Youth run enterprises also provide valuable goods and services to society, especially the local community (Chigunta 2002). This results in the revitalization of the local community. It has also been observed that new small firms tend to raise the degree of competition in the product market, thereby bringing gains to consumers (Curtain 2000) [7]. Furthermore, this kind of enterprises run by young people may create linkages between youth entrepreneurs and other economic factors, such as through sub contracting, franchising and so on (White and Kenyon 2001) [8]. Owing to the ongoing globalization process, youth entrepreneurship also promotes innovation as it encourages young people to find new solutions, ideas and ways of doing things through experience-based learning. In certain circumstances, young entrepreneurs may be particularly responsive to new economic opportunities and trends. (Karen and Williams 2011). In addition, it is increasingly accepted that youth entrepreneurs can present alternatives to the organization of work, the transfer of technology and new perspective to the market (White and Kenyon 2001) [8].

Solutions to Unemployment Rural Youth in India

1. The quality of Indian education should be improved.
2. Government should keep a strict watch on the education system and try to implement new ways to generate skilled

labour force.

3. Development of the rural areas will stop the migration of the rural people to the urban cities and this will not put more pressure on the urban city jobs.
4. Youth should join the institute or select the course where proper training is given and the course is as per the current industries requirements.
5. More employment should be generated in rural areas for the seasonal unemployment people.
6. Government should encourage and develop the agriculture based industries in rural areas so that the rural candidates don't migrate to the urban areas.
7. Rapid Industrialization should be created.
8. Government should allow more foreign companies to open their unit in India, so that more employment opportunities will be available.

Role of Government to Reduce Unemployment

Strategies that the Government has undertaken to reduce Unemployment in India

1. **Heavy Investment in basic Industries:** Investment in heavy and basic industries and consumer goods industries should be increased. They provide more employment along with the supply of consumer goods.
2. **Development of Cottage and Small Scale Industries:** As they provide more employment by adopting labour intensive techniques.
3. **Change in Educational System:** More emphasis should be given to vocational training.
4. **Checking of Population Explosion:** Rapidly rising population should be checked by adopting family planning and welfare schemes.
5. **Modernisation of Agriculture:** Modernisation of agriculture should be done. Waste land should be utilised.
6. **Introduction of Rural Works Programmes:** Rural work programmes should be increased.
7. **Stress on Self Employment:** Young entrepreneurs should be financed for self entrepreneur.

Proposed Scheme on Entrepreneurship Development

An Entrepreneurship Development scheme is currently being developed by Ministry of Skill Development and Entrepreneurship. The Scheme will be designed around the following major elements:

1. **Educate and equip potential and early stage entrepreneurs across India:** In partnership with experts, a world class entrepreneurship education curriculum will be developed. This curriculum will be delivered to all aspiring entrepreneurs at no cost. Leveraging online learning, entrepreneurship courses can be taken as and when needed by students and business people alike through Massively Open Online Courses (MOOCs). In addition, entrepreneurship education will be integrated into the mainstream curriculum in 3,000 colleges around India. Entrepreneurship education courses will also be delivered in approximately 325 industrial clusters across the nation. Through 50 nodal Entrepreneurship Hubs (E-Hubs) set up across all states, existing and potential entrepreneurs will be targeted for entrepreneurship education modules that suit their need.
2. **Connect entrepreneurs to peers, mentors, incubators:** To support young entrepreneurs, a web and mobile based platform connecting the entire entrepreneurial ecosystem will be established. Platform members will access content

online, including information on government services and special packages offered by service providers. The creation of new incubators will be encouraged and a national network of incubators and accelerators established to support young entrepreneurs. A national network of high quality, screened mentors will also be created, leveraging existing networks and successful local entrepreneurs where possible. Entrepreneurship activities in innovative and cutting edge technology areas will be aligned with initiatives such as Atal Innovation Mission (AIM) and Self Employment Talent Utilisation (SETU).

3. **Support entrepreneurs through Entrepreneurship Hubs (E-Hubs):** Support to entrepreneurs, including coordinated delivery of national and state government entrepreneurship programs and access to enabling resources, a national network of Entrepreneurship Hubs (E-Hubs) will be established. One national, 30 states, 50 Nodal and 3,000 colleges based E-Hubs will be set up to deliver support. These E-Hubs will, collectively, cover the entire nation.
4. **Catalyse a culture shift to encourage entrepreneurship:** To promote entrepreneurship, state and national level interactions with stakeholders will be convened. International linkages will be established through internship opportunities and exchange trips to global entrepreneurship hubs such as Silicon Valley and Israel. To build awareness, national brand ambassadors will be created to champion entrepreneurial culture in India. Awards will be instituted for young achievers and a National Entrepreneurship Day will be celebrated.
5. **Encourage entrepreneurship among underrepresented groups:** Special focus will be given to the inclusion of scheduled castes & scheduled tribes, minorities, differently able, etc., and regionally under-represented areas including large part of Eastern and North Eastern India in entrepreneurship programs. Special efforts will also be made to enrol incubators and mentors catering to these groups will in the national entrepreneurial ecosystem.
6. **Promote Entrepreneurship amongst women:** Focus will also be placed on encouraging women entrepreneurs through appropriate incentives for women owned businesses under the public procurement process. It will also be ensured that gender neutral incubation/accelerator, network of mentors, industry, resource centres and credit institutes are developed to facilitate Women Entrepreneurs. Priority will be given for mentorship and support system for women entrepreneurs in existing business centres and incubators. Steps will also be taken to assemble gender disaggregated data.
7. **Foster social entrepreneurship and grassroots innovations:** Universities and academic institutions will be encouraged to launch a course on 'Social Entrepreneurship', including through online distance education, to actively promote social entrepreneurship in the country. Additional support, including through fiscal incentives and incubation, will also be considered. To foster grass-roots innovation, a focus on innovations in hubs, collaborations with organisations such as the National Innovation Foundation and promotion of Intellectual Property Rights will also be encouraged.

Conclusion

Entrepreneurship development (ED) refers to the process of

enhancing entrepreneurial skills and knowledge through structured training and institution-building programmes. It basically aims to enlarge the base of entrepreneurs in order to hasten the pace at which new ventures are created. This accelerates employment generation and economic development. It focuses on the individual who wishes to start or expand a business. Entrepreneurship is the active process of recognising an economic demand in an economy, and supplying the factors of production (land, labour and capital) to satisfy that demand for rural youth. High levels of poverty combined with slow economic growth in the formal sector have forced a large part of the developing world's population into self-employment and informal activities. But this is not necessarily negative; microenterprises contribute significantly to economic growth, social stability and equity. Entrepreneurship development for unemployed rural youth plays an important role in India. Government had launched tremendous schemes for the development of rural youth. So, providing information of various schemes to the rural youth is very necessary. Government launched several schemes for the rural youth to overcome their problems arising in their life. Educating the rural youth and encouraging them to become a self entrepreneur can decrease the poverty in India.

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