



Entrepreneurship and Employment Generation: Bridging the Gap

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Abstract:

Unemployment has long been a serious social and economic problem in a developing country like India. Against this backdrop, entrepreneurship is not only a means of self-reliance, but also the most effective means of employment generation. Entrepreneurs create employment opportunities not only for themselves, but also for others. This research has examined in depth the impact of entrepreneurship on employment generation, the socioeconomic factors behind it, government policies, and the importance of entrepreneurship for the younger generation in India. Also, obstacles, challenges in this sector and necessary policy measures to address them have been suggested.

Introduction:

Economies around the world are facing the problem of rising unemployment. Given the limitations of traditional government and private sector jobs, entrepreneurship is emerging as an effective alternative for job creation. In India, about 65% of the population is under the age of 35. The energy and creativity of this youth can be harnessed through entrepreneurship in manufacturing, services, agribusiness, information technology, e-commerce, and social sectors. Entrepreneurship is not just an economic activity but a force for social change. Therefore, this is a fundamental formula of this research to promote entrepreneurship, i.e. to reduce the problem of employment generation.

Objectives of the Study:

1. To study the relationship between unemployment and entrepreneurship in India.
2. To examine the impact of entrepreneurship on employment generation.
3. To analyze the impact of government plans and policies related to entrepreneurship.
4. To suggest solutions to reduce barriers and gaps in entrepreneurship.

Research Methodology:

Research Type: Descriptive & Analytical.

Source of Information: Secondary Information Used NITI Aayog, MSME

Annual Reports, Startup India Portal, World Bank Data, Economic Survey of India (2023–24). Data Period: Analysis based on statistics and reports from 2018 to 2024. Method: Qualitative and comparative study of statistics.

Current Employment Scenario in India:

The employment landscape in India has changed dramatically over the past few decades. Employment based on agriculture is declining, while employment in the services and industry sectors has increased. India's unemployment rate is estimated to be around 7.2% in 2024. Unemployment among highly educated youth in urban areas is particularly worrisome. Due to the decline in traditional jobs, the youth are looking for alternative employment. In this situation, entrepreneurship can be a direction for new job creation.

Importance of Entrepreneurship:

- ❖ Employment Generation: Every new entrepreneur creates employment for himself and others.
- ❖ Economic Development: Small and Medium Enterprises (MSMEs) contribute more than 30% to the country's GDP.
- ❖ Innovation: Entrepreneurs develop new technologies, products and services.
- ❖ Rural Development: Small scale industries and self-sufficient enterprises improve the economic situation in rural areas.
- ❖ Women Empowerment: Women entrepreneurship increases social equality and self-reliance.

- ❖ Impact of Entrepreneurship on Employment Generation

(A) Direct Impact:

The entrepreneur directly employs workers in his own industry. E.g. Startup industry, manufacturing unit, service sector entrepreneur.

(B) Indirect Impact:

Additional employment is created through supply chain, transportation, marketing, and contract labor.

(A) Opportunities in new areas:

Young entrepreneurs have created thousands of jobs in new sectors like digital marketing, e commerce, fintech, agritech, and green energy.

Role of Government Policies and Schemes:

The Government of India has implemented several schemes to promote entrepreneurship:

1. Startup India:

Started: 2016 Objective: To provide tax breaks, funding, guidance and regulatory facilitation to entrepreneurs. Outcome: Over 1.25 lakh startups registered by 2024. Lakhs of jobs created.

2. Stand-Up India:

Loan facility of ₹10 lakh to ₹1 crore for Scheduled Castes/Tribes and women. 1.8 lakh beneficiaries by 2023, 80% of them women entrepreneurs.

3. Pradhan Mantri Mudra Yojana (PMMY):

Zero mortgage lending for small businesses. Over 40 crore loans disbursed by 2024.

4. Atal Innovation Mission (AIM):

Promoting innovation and entrepreneurship at school and college level.

5. Self-reliant India Mission:

This scheme, launched during the Covid period, proved to be important for local production and employment.

Challenges in Entrepreneurship:

Lack of capital: Rural and new entrepreneurs find it difficult to get loans. Lack of training and guidance: Lack of business planning, marketing and technical skills. Fear of risk: The social mindset is still biased towards „jobs“. Unbalanced development: More opportunities in urban areas, less in rural areas. Administrative hurdles: Licensing, tax and regulatory processes are complex.

Bridging the Gap between Entrepreneurship and Employment:

1. Changes in the education system:

Including courses on entrepreneurship in schools and colleges. Making skill development training mandatory.

2. Financial Assistance:

Providing easy and interest-free loan schemes for startups. Expanding the rural banking system.

3. Mentorship and Networking:

Guidance from experienced entrepreneurs. Collaboration with industry-university.

4. Women and Youth Focused Policies:

Separate Fund (Women & Youth Entrepreneurship Fund). Creating digital training and business advisory centers.

5. Regional Balance:

Development of rural and small scale industry clusters. Providing market access for rural products through e-commerce.

Conclusion:

Entrepreneurship and employment generation are closely related. Considering the backdrop of rising unemployment in India, the development of entrepreneurship is not just an economic option but a tool for social transformation. Government schemes have given a boost to entrepreneurship, but it is very important to effectively reach the rural areas, women and youth with the impact of these schemes. If education, training, financial support and policy support are strengthened, the employment generation gap through entrepreneurship can be significantly reduced and India can become an “employer nation”

Recommendations:

1. Incentive grant scheme for women and youth entrepreneurs.
2. Making the implementation of policies transparent and result-oriented.
3. Starting “Entrepreneurship Clubs” in schools and colleges.
4. Implementing a digital training campaign for entrepreneurs in rural areas.
5. Establishing an “Entrepreneurship Development Center” in every district.

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