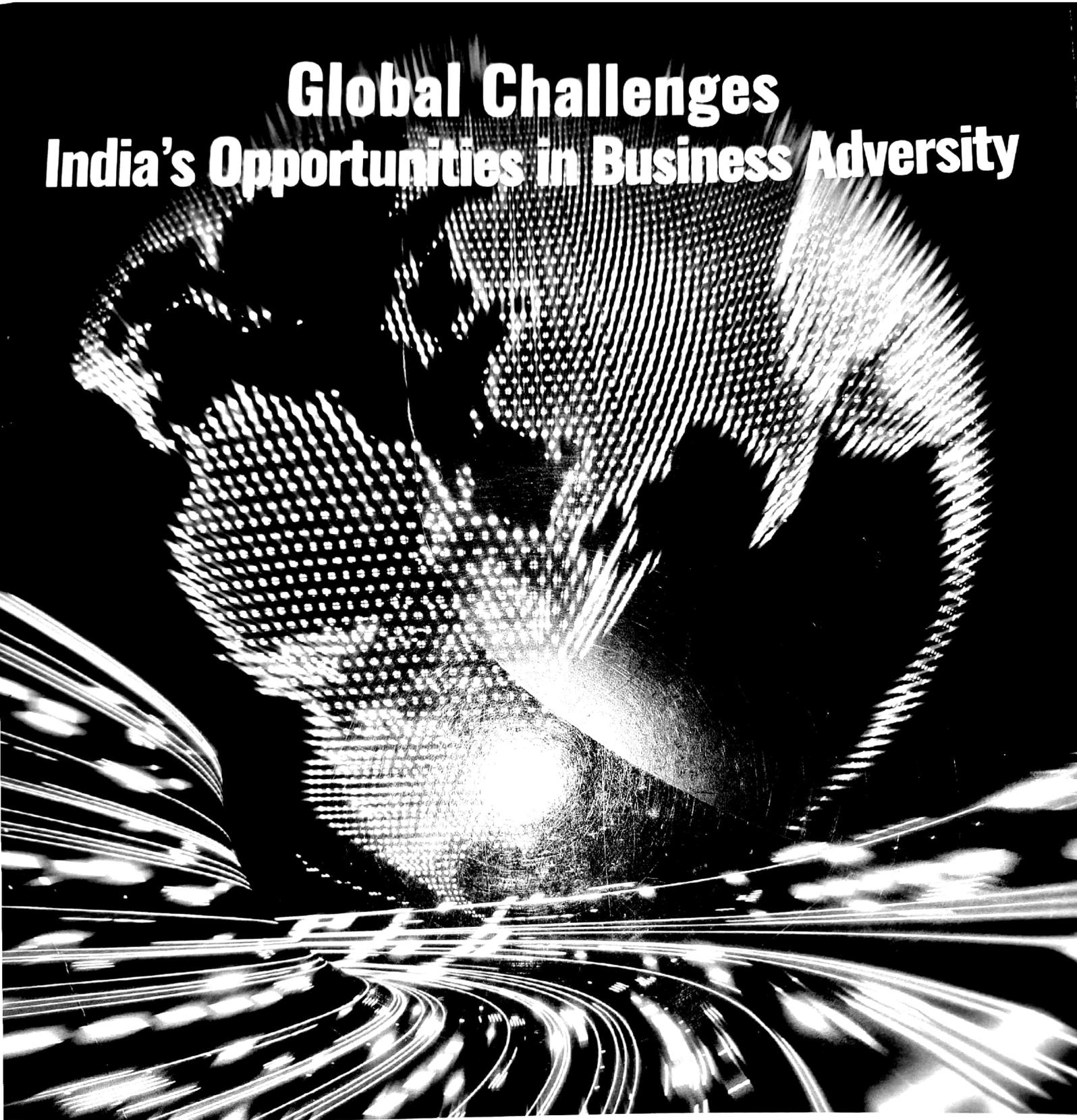


Global Challenges India's Opportunities in Business Adversity





University of Mumbai's
Alkesh Dinesh Mody Institute for Financial & Management Studies

Global Challenges India's Opportunities in Business Adversity

First Impression: November 2020

**© University of Mumbai, Alkesh Dinesh Mody Institute for
Financial and Management Studies**

Global Challenges: India's Opportunities in Business Adversity

ISBN: 978-93-89947-27-4

No part of this publication may be reproduced or transmitted in any form by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the copyright owners.

DISCLAIMER

The authors are solely responsible for the contents of the papers compiled in this volume. The publishers or editors do not take any responsibility for the same in any manner. Errors, if any, are purely unintentional and readers are requested to communicate such errors to the editors or publishers to avoid discrepancies in future.

Published by

EXCEL INDIA PUBLISHERS



91 A, Ground Floor
Pratik Market, Munirka, New Delhi-110067
Tel: +91-11-2671 1755/ 2755/ 3755/ 5755
Cell: 9899127755, 9999609755, 9910757755
Fax: +91-11-2671 6755
E-mail: publishing@groupexcelindia.com
Web: www.groupexcelindia.com

Typeset by

Excel Prepress Services, New Delhi-110 067
E-mail: production@groupexcelindia.com

Printed by

Excel Printing Universe, New Delhi-110 067
E-mail: printing@groupexcelindia.com

Effective Implementation of Entrepreneurial Policies: Problems and Solution in Indian Economy

Subhashini Naikar¹ and Mohini Nadkarni²

¹Vice Principal-Self Finance Courses
Assistant Professor Dept. of Commerce

Prahladrai Dalmia Lions College of Commerce & Economics

²Core Faculty in Self financed Courses BBI Department

Prahladrai Dalmia Lions College of Commerce & Economics, Malad (W), Mumbai-64

ABSTRACT

A smaller unit is easier to handle as well as manage. No doubt there are economies of large-scale production but diseconomies are equally big. Similarly, for governance, a system of small independent units helps in effective implementation of various policies. This paper aims to present the present problems faced by government in effective implementation of entrepreneurial policies with the help of a case study, also in this paper a solution has been proposed with the help of a Gandhian thought. It is descriptive paper which uses secondary data and interpretation methods.

Keywords: Policy Implementation, Ruralisation, Gandhian Economics, Entrepreneurial Policies

INTRODUCTION

India is a country with diverse and vast population. Due to rural-urban gap, only certain sectors of economy are aware of and therefore, are beneficiaries of many of the government policies. Formulation of a policy alone cannot help in resolving these issues. Along with formulation, effective implementation and monitoring of these policies plays a vital role in building of a nation.

Over past several Decades it has been observed that objectives of the Indian economic policies are praiseworthy, but the implementation is poor. For example:

THE NEW ECONOMIC POLICY 1991

This policy introduced Indian economy to Liberalization, Privatization and Globalization. It opened the doors of Indian markets for external economies but exploited the Indian producers with the double standard production norms.

FIVE YEAR PLANS

Five Year Plans were a great success in its initial stages since the targets were achievable. With passage of time its implementation became weaker and caused the plans to fail poorly.

AGRICULTURAL INCOME TAX

Though beneficial to the government and an important source of revenue, agricultural income tax policy was not implemented due to political interference. Agricultural sector enjoys maximum benefits of the subsidies in terms of chemical fertilizers, pesticides provided, farm equipment provided, loan subsidies provided, etc. yet it fails to be an important source of tax revenue. To maintain rural voter's bank, the Government authorities do not support the ideas of agricultural income tax.

From these examples it can be observed that policy formulation is not enough to bring about the required change. We need a mechanism to effectively implement and monitor the policies.

OBJECTIVES

1. To help in effective implementation of economic policies in India.
2. Encourage entrepreneurship among citizens.
3. Ruralisation to be the new course of economy.
4. Suggest measure to Government and NGO's for effective implementation of policies.

MOTIVATION OF STUDY

India, like any other developing economy, is facing problems of inflation and unemployment. It can be identified as problem of scarcity amidst plenty. The improper management of resources has led to inefficiency of production, causing the country to lag behind inspite of owning resources.

Government is taking great efforts in making policies and is striving hard to implement them but is not fully successful yet. This is mainly because of the division of population in an abrupt manner. Urbanization has made India nearly an integral part of Global Village, but the villages in India are yet to become global.

India was once called the golden bird where Golden Age did prevail. Post colonization, the country was robbed off, not only of its title but also of its culture, economy and structure. Indian culture is not restricted to a religion because it is a way of life. Indian thought and work culture comprised of "production by masses", as against the "mass production" concept by the British.

This work culture was introduced by British in India, which is being followed till date. Lord Macaulay, once had said "We must do our best to form a class of persons, Indian in blood and colour but English in taste, in opinions, in morals and in intellect."

Unfortunately, they were successful in doing so to a great extent. Since even in today's era we can find ourselves following same old systems given by British which are exactly opposite to Indian ideas and morals. Mahatma Gandhi aimed his campaigns towards removing not only British colonization but also to regenerate India's culture. He said "The true India is to be found not in its few cities, but in its seven hundred thousand villages. If the villages perish, India will perish too."

SUBJECT INTRODUCTION

Gandhi's economics of permanence or Swadeshi can be one of the solutions to the problem of ineffective implementation of policies in India. According to Swadeshi principle each village should be a microcosm of India i.e. each village should be given the status of Republics.

Framing a policy for a smaller unit is more practical and beneficial since the wants are carefully understood and optimum allocation of resources can be done. If economy has few general needs then those policies attributing to general needs can be implemented in all of the various small units at the same time with simultaneous monitoring of all the units.

Area specific needs can be adhered to with the help of *balutedars*. *Balutedars* were hereditary village servants which contributed towards betterment of community and government, like goldsmith, barber, potter, carpenter, blacksmith, cobbler, etc. They made the villages self-sufficient in every manner. These *balutedars* can become modern day's entrepreneurs and reclaim the self-sufficiency status of Indian villages.

RESEARCH METHODOLOGY

1. Using secondary data for identification of problem and suggesting a solution.
2. Use of a case study – Startup India policy – for analysis purpose via secondary sources.

LIMITATIONS AND SCOPE OF STUDY

- Implementation of policies aimed at India, but can be expanded to other international economies with similar issues.
- This study is confined to implementation of central policies on grass root level, but can be expanded to State level.
- All the suggestions are confined to apolitical aspects of policy making and implementation.

PROBLEM

Due to ever increasing cultural and socio economic gap between urban and rural areas, there has been a heavy migration. This disturbs the implementation process. Also the policies do not reach the targeted population due to their constant movement. This is mainly due to the illusion that wider scope of opportunities are available in urban areas as compared to rural areas. This is causing the levels of unemployment and inflation to rise along with rising social unrest. Also the traditional unique arts and skills which were passed on from one generation to another in villages are slowly depleting due to migration of younger generation to urban areas.

Even in today's era villages can become more efficient economic units where the policies can be effectively implemented. This is so because cities are urban areas where the boundaries are ever expanding, while as according to Karl Marx boundaries of villages are seldom altered. This enables the policy makers to accurately design a policy and implement it.

CASE STUDY-STARTUP INDIA

- **About the Policy and its Objective:** Startup India has been an initiative by our Prime Minister Mr. Narendra Modi in August 2015. The main aim has been to encourage entrepreneurs who have been at loss of financial opportunities due to their lack of goodwill. This policy aimed at solving many longstanding problems of our society such as poverty, unemployment and income inequality. Also it aimed at digital literacy to provide help in all sectors including agriculture, manufacturing, social sector, healthcare, technology, education, etc.
- **Plan:** "The Action Plan the Government hopes to accelerate spreading of the Startup movement: From digital/ technology sector to a wide array of sectors including agriculture, manufacturing, social sector, healthcare, education, etc.; and From existing tier 1 cities to tier 2 and tier 3 cities, including semi-urban and rural areas. The Action Plan is divided across the following areas: Simplification and Handholding, Funding Support and Incentives, Industry-Academia Partnership and Incubation"
- **Execution:** The main aspect of action plan has been
- Though India has been the third largest startup hub in the world, but the problem of "scarcity amidst plenty" still prevails. As Dr C Shekhar Upadhyay has correctly concluded¹ : The environment of India itself is responsible for such a poor growth in terms of startups in the country. The very culture of startups needs to be developed and sustained for the desired growth in startups

and its contribution. More and more incubation and acceleration centres are needed to setup in the non urban/rural areas as well to attract the most innovative ideas from the furthest corners of the land.

- A proposed solution to this would be going back to our roots i.e. RURALISATION. (Krause M. 2., 2013)²
- The policy of Startup India has been visualized with digital implementation i.e. via electronic means. But rural India has not modernized to that extent yet. Yet, many of our resources are trapped in rural areas. Ruralisation is a mighty source of financial inclusion and hence implementation of our policies like Startup India.

PROBABLE SOLUTION

Since the pace of industrial development is not at par with the rate of rising population, entrepreneurship can be viewed as an effective solution to move out of these vicious circles of poverty, inflation and unemployment. Following solutions can be proposed:

- Ruralisation of the entire economy to avoid rural-urban divide i.e. practicing the Swadeshi moment introduced by Mahatma Gandhi.¹
- Re-introduce the balutedar system in villages, where in these balutedars are given status of entrepreneurs.
- The choice of enterprise should be irrespective of their given caste.
- Each balutedar can employ the required population from respective village and solve the problem of unemployment and poverty.
- Inflation too can be controlled since there would be sufficient production by each economic unit to satisfy its wants.
- Quality of production can be maintained if skills are passed on from one generation to another.

NEED

Main aim of any policy is to bring about economic development which is possible only when all the sections of the society are developed. But if the implementation is faulty then this aim cannot be achieved hence Swadeshi or Economics of permanence can prove to be a long term survival program for Indian economy.

APPLICABILITY

Economic growth can be considered as first step towards economic development. Economic growth depends upon national income and per capita income. One of the effective ways of increasing per capita income and national income can be wide spread entrepreneurship. This can be implemented in following manner:

- Target small units of population, so the policy implementation is effective.
- Move towards ruralization than urbanization.
- Encourage active participation of NGO's.

¹(Dr. C Shekhar Upadhyay, October, 2017)

²(Krause M.)

- Cloud computing of the data of citizens regarding their aptitude and nature of work.
- Provide training according to the aptitude of individual.
- Encourage entrepreneurial ideas.
- Train personnel to handle finance and for mobilization of funds.
- Training can be provided through:
 - Radio / TV programs
 - Mobile phone helplines similar to agricultural help line.
 - Vending machines:
- Vending machines similar to ATM machines can be installed in accordance with the size of population. These machines can be operated by registered entrepreneurs via bio-technology (such as retina scan or thumb impression). These machines can act as trainers to individuals for any queries regarding their respective enterprise.
- Take aptitude building sessions via video conferencing to encourage entrepreneurship.
- Provide flexible EMI options i.e. the amount of installment can be high during peak season of business and low during slack season.

CONCLUSION

Thus this study aims to provide Gandhian Economics and Ruralisation as probable solutions to the growing concerns of modern Indian society which is said to have transformed from traditional agrarian to modern industrial economy to a great extent. Instead of modernization of the existing agrarian economy, the change in pattern of economy is observed, which proposes dangerous threats not only to the country's culture but also sustenance. This would give a push to many entrepreneurial policies in India and help in good governance.

REFERENCES

- [1] *Bara balutedars*. (n.d.). Retrieved from wikipedia: "http://en.wikipedia.org/w/index.php?title=Bara_Balutedar&oldid=598883773"
- [2] *Gandhian economics*. (n.d.). Retrieved from wikipedia: "http://en.wikipedia.org/w/index.php?title=Gandhian_economics&oldid=639380163"
- [3] Goyal, S. (1996, october 7). *Political Economy of India's Economic Reforms*.
- [4] Krause, M. (n.d.). *Ruralization of the world*. Retrieved from Krause, Monika. 2013. The Ruralization of the world: <http://research.gold.ac.uk/8558/>
- [5] T.V. Somnathan, O.P. Agarwal (n.d.). *public Policy Making In India: Issues and Remedies*.

* * * * *