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## Impact of Globalisation on Indian Small Scale Entrepreneurs

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**ABSTRACT** – The present research paper is focuses on impact of Globalization on Indian Entrepreneurship. It also focuses on problems of Small Scale Entrepreneurs. Small enterprises have made considerable contribution in the socio economic development of almost all the countries including India. The steady pressure of large scale migration of people from rural areas to urban areas in India has resulted in a very difficult employment situation in urban areas which is fast deteriorating as these areas are packed with population far in excess of their capacity in terms of housing, sanitation and other services. This unplanned economic development emphasis in the urban areas over the past few decades has led to serious law and order problems, besides environmental degradation and fast deterioration of basic civic amenities. To stop this trend of immigration of rural youth to urban areas in search of better prospects, thus, the first essential step shall be in creating meaningful job opportunities and encouraging rural entrepreneurs particularly in the areas of agro and allied industries-horticulture, diary and other enterprises – in which sufficient raw material, and initial expertise is already available.

**KEYWORDS** – Globalization, Small Scale Industries, Entrepreneurship.

### OBJECTIVES OF THE STUDY

The Present research study was carried out with the following objectives in view.

1. To study Entrepreneurship Opportunities in 21<sup>st</sup> Century.
2. To study the impact of globalization on Indian Entrepreneurship.
3. To give some suggestions about survival of the Entrepreneurship in 21<sup>st</sup> Century.

### RESEARCH METHODOLOGY ADOPTED

With the above objectives keep in mind the discriptive Research Method was basically adopted.

For the said research study the data pertaining to the above objectives was collected by the review of the literature on the subject concerned. The literature was thus collected by visited the various libraries. Some Government Offices were also visiting for getting office record.

Similarly, to have better insight with respect to the impact of globalization on SSI units the entrepreneurs were contacted and interviewed. Seminars on SSIs and



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Meetings of SSI entrepreneurs were also attended which a good source.

The word “entrepreneur” is derived from the French verb ‘entrepreneur’. It means to ‘undertake’. In the early 16<sup>th</sup> Century, the Frenchman who organized and led military expeditions were referred to as “entrepreneurs” Around 1700 A.D. the term was used for architects and contractors of public works.

**Adam Smith** described entrepreneur as a person who only provides capital without taking active part in the leading role in enterprise.

**Richard Cantillon** considered all persons engaged in economic activity as entrepreneurs.

**Joseph A. Schumpeter** recognized a person one who introduces innovative changes in an entrepreneur. He treated entrepreneur as an integral part in economic growth. The fundamental source of disequilibria was the entrepreneur.

### **PROBLEMS FACED BY SMALL SCALE INDUSTRIES IN INDIA**

a) Inadequate availability of finance and credit; b) Inadequate Import Quota of Raw Materials; c) Expensive Mode of Communication; d) Problem in introduction of products in Overseas Market; e) Insufficient Incentive; f) Cheap and Low Quality Product; g) Lack of Knowledge to Customers Officers; h) Delayed Payments; i) Equity participation by large scale units; j) Limited Partnership Act; k) Technological Obsolescence; l) Package of Incentives; m) Close association with Industry Association; n) Simplification of Rules and Procedures; o) Outdated labour laws; p) Imperfect Knowledge of Market Conditions; q) Lack of Infrastructure Facilities; r) Deficient Managerial and Technical Skills; s) Under – utilization of capacity; t) Increased Prices of Power and Fuel; u) Problem of Work Culture.

### **IMPACT OF GLOBALISATION ON INDIAN ENTREPRENEURSHIP**

In the context of globalization of Indian Economy, there is a need transparency of operations and accountability on the part of Indian industries involves a great amount of economic and social interest. The object of globalization in the economy is to make Indian industry efficient and competitive at international level along with the development of Indian multinationals.

1. A new industrial scenario is emerging in which small scale industries will have to play a key role. The action is on Torn integrating the economy, particularly the industrial sector, with other developed and economics through the process of globalization. In fact, small industries have surged forth with greater vigor and performed outstandingly well with entrepreneurial resilience in the post liberalization era.
2. They are facing a number of strategic challenges mostly related to intense competition, market shares, changing technology and more demanding customers. Solving the problems associated with these changes and creating opportunities from this turbulence, requires innovation; Innovation alone can satisfy changing customer priorities.
3. Stress on globalization gives way to full use of natural resources thereby



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producing cheap goods at lesser cost. International ties provide strength by helping the host country to face natural calamities like famine, floods, epidemics, etc. At such times we are prone to take help from other countries. Such prosperous and also encourages competition in production that helps reduce monopolistic tendency.

4. Regarding 'Make or Buy' decisions the large and medium size units have changed their policies. These units do not giving job work to SSIs but they are producing the required spare parts for their final product.
5. The Voluntary Retirement Scheme and Compulsory Retirement Scheme with a gold plated name such as Golden Shake-Hand: Exit Policy etc. are launched by Large, Medium and also Small Scale Units.
6. Some of the SSI units started cost benefit analysis, reduction in cost, maintaining relation between the returns or production and the salary paid to the workers and employees
7. After 1997, there is a great depression in the entire industries sector including small scale industries. The demand from customers to consumable goods and from industries to industrial goods reduced enormously.
8. The implementation of 'Hire and Fire Policy' is also adopted by medium Scale Units. The staff is not permanently, but any types of work get done by SSI units from some outside agencies.
9. Some of the SSI units have tried to compete in the global market but are failed because the cost of their product is more than the price of the same foreign products.
10. The confidence in the minds of Entrepreneurs is declining day by day. They are not supporting the globalization as an opportunity but according them it is great constraint.

## SUGGESTIONS

Some of the suggestions are as under -

1. Entrepreneurs will have to keep a balance between high tech and high touch in the 21<sup>st</sup> Century because the human beings and their value systems will dominate the show.
2. In view of the current technological boom in the electronics and information era, the curriculum of EDP programmes must involve exposure and later on mastery of newer communication tools and the softer options of handling technology and business process information.
3. Manufacturing of technology and management of technology will be two genesis topics which will need utmost attention in the 21<sup>st</sup> Century. Technical institutions in our country should rise to the occasion by launching a continuing education programme for the retraining of practicing engineers in industries.
4. The Entrepreneurial traits must be cultivated and developed among the work force. The process of developing these traits among employees is called Entrepreneurship.
5. Entrepreneurial Awareness camps need to be conducted in rural areas with a view



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- to making rural women aware of their hidden Entrepreneurial capabilities.
6. District industries Centers (DICs) should entrust the responsibility of conducting Entrepreneurship Development Programme (EDPO) for Prime Minister Rozgar Yojana beneficences only to those institutions that can organize EDPs in effective way.
  7. Entrepreneurship awareness must be created in the minds of youth right from the level of primary and secondary school education. Special courses need to be designed at college and university levels & impart education as Entrepreneurial management.
  8. Procedural formalities for availing of any Entrepreneur scheme need to be simplified after a comprehensive review of the schemes.
  9. In the 21<sup>st</sup> Century, only those Entrepreneurs who have professional approach will survive and prosper. To help bring in professionalism the existing and prospective Entrepreneurs should be traveled in the modern management skills and techniques.
  10. Small scale industry sector being one of the major consumers of the energy deserves special attention and efforts in the direction of energy conservation.
  11. With the globalization of the Indian economy becoming a reality, small and medium Enterprises should adopt ISO-9000 standards, with a view to gaining creditability in the market.
  12. Business process RE-engineering become necessary in each and every industrial and service unit. Entrepreneurship must consider about world class competition.
  13. “Think globally and act locally” become the essential proverb, which must be adopted in daily routine be each entrepreneur. In this respect the global thinking about product, quality marketing, customers etc. become necessary part of life.
  14. Business Process Outsourcing, Franchise, mall shops are new lines of business, which are available to entrepreneurs due to globalization.

## CONCLUSION

There is a need for total re-orientation in policies, attitudes and priorities in terms of review and re-orientation of curricula, need for committed trainers, need for learning and self-learning with a view to inculcating creativity and innovation qualities in our youth and testing these qualities through entrepreneurial activity. Before initiating any programme for the development of entrepreneurship in rural areas, one should have clear idea about the economic and social conditions and other peculiarities prevailing in the area to enable the planners as well as the policy makers to know where the potential lies, what the problems are in exploiting these potentials and how to overcome these problems. As far as possible, emphasis should be made on enterprises which are based on local raw material, local artisans / skills and local demand. A complete reorientation of economic development outlook at every level and sphere through proper training services and constant monitoring is urgently required for developing rural entrepreneurship.



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