

Chapter 64

Youth Entrepreneurship in India: Outlook and Obstacle

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ABSTRACT

Governments and local communities globally have recognized that key to building prosperity and stimulating regional growth is fostering entrepreneurship - mainly youth entrepreneurship. India is no exception, with so many educated yet unemployed youth; continuous policies are being drawn and attempts made for promoting youth entrepreneurship. Unemployment for educated youth has become particularly acute since the education explosion in early 2000's. Though the promotion of entrepreneurship as a possible source of job creation, empowerment and resources dynamism has attracted increasing policy and scholarly attention, yet there is no systematic attempt to look at it from a youth angle. This has resulted in lack of an adequate understanding of the potential benefits of youth entrepreneurship (YE). Through grounded research and in-depth analysis, the aim of this chapter is to stimulate policy debate, portray the outlook and understand the obstacle for youth entrepreneurship in India. Attempt is also made to suggest strategies that can be initiated for enhancing youth entrepreneurship.

INTRODUCTION

In recent years, the promotion of entrepreneurship as a possible source of job creation, empowerment and economic dynamism in a rapidly globalizing world has attracted increasing policy and scholarly attention. However, despite this attention, there has been no systematic attempt to look at it from a youth angle. The tendency has been either to subsume the youth into the general adult population or to ignore their efforts to forge a livelihood through enterprise activities. This has resulted in the lack of an adequate understanding of the potential benefits of youth entrepreneurship (YE), apart from youth entrepreneurship as a means of improving youth livelihoods. The main aim of this chapter is to stimulate policy debate on the potential benefits of youth entrepreneurship in India as a viable career option, understand obstacles

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that stand in its way, and the outlook for it in near future. The chapter also aims to suggest strategies that can be initiated for enhancing youth entrepreneurship.

Governments and local communities across the world have recognized that key to building prosperity and stimulate regional growth is fostering entrepreneurship among their people especially youth. Youth entrepreneurship has become a topic of interest for research scholars and also a subject of major concern for the Government. While youth entrepreneurship is an under-explored field, the main factor for its growing attention is the increased number of unemployed young people furthermore entrepreneurship is seen as a channel for the talents of many highly educated young people to explore their potential and cash their business acumen. By 2015, World Bank estimates that there will be about 3 billion youths less than 25 years old and a big portion of that will be in India. Many young people cannot find employment. This has become particularly acute since the education explosion in early 2000's and onset of the financial crisis in 2008. These outcomes are both inefficient and inequitable. Evidence shows that the unemployed are unhappier, more likely to experience a range of health issues, and face difficulties in integrating back into the labour market place (Bell and Blanchflower, 2009). For young people, the effects of unemployment may be particularly scarring. Evidence suggests that a spell of youth unemployment increases the likelihood of poorer wages and unemployment in later life (Blanchflower and Oswald, 1998). Such outcomes also have pronounced social costs. It represents a loss of potential output and leads to increased costs to the taxpayer apart from causing social disruptions. One potential way of integrating young people into the global economy is to increase youth entrepreneurship¹.

Promoting youth entrepreneurship will not only help in reducing unemployment but more importantly showing young people that they have alternatives to create their own destiny by starting their own companies and just not waiting to find a job. A lot of work has been done to find the determinants of entrepreneurship. Different research works have stressed different determinants. For example, Shapero (1975) and Kets de Vries (1977) have stressed the importance of personality factors, psychodynamic characteristics, and the sociocultural background in fostering entrepreneurial behavior while Miller & Friesen (1978) and Mintzberg (1973) have stressed upon the decision making and strategy factors important for promoting entrepreneurship.

Bradberry (2007) envisaged that identifying one's career choice depends on one's personality traits and how one perceives a particular job. He further states that one's personality can give one a clear understanding whether or not each aspect of the profession chosen suits him or her. The objective of this research paper is simple - to understand what is youth entrepreneurship and its role in Indian scenario. Many young people cannot find employment. This has become particularly acute since the education explosion in early 2000's and onset of the financial crisis in 2008. These outcomes are both inefficient and inequitable. Evidence shows that the unemployed are unhappier, more likely to experience a range of health issues, and face difficulties in integrating back into the labour market place (Bell and Blanchflower, 2009). For young people, the effects of unemployment may be particularly scarring. Evidence suggests that a spell of youth unemployment increases the likelihood of poorer wages and unemployment in later life (Blanchflower and Oswald, 1998).

Becoming an entrepreneur potentially offers benefits to the young person through deepening their human capital attributes (self-reliance, skill development) and increasing their levels of happiness (Blanchflower and Oswald, 1998). There is now strong evidence from studies such as Benz and Frey (2008) that self-employment increases the happiness of individuals. This is not because they earn more. Indeed, Hamilton (2000) suggests that they earn less. Instead, it is because the self-employed derive non-pecuniary benefits (e.g. greater latitude in work tasks) relative to those in employment.

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