"Given the right circumstances, the entrepreneurial spirit can be sparked within any society – bringing a spirit of internal empowerment."
5.1 INTRODUCTION

It has been stated that young people play an important role to meet the challenges of 21st century. For a prosperous future, it is necessary that the young people should be healthy, well educated and actively be engaged in their communities. Being seen as a sleeping giant till 1991, the Indian economy has woken up to become the fourth largest economy in the world. While this growth continues, the steady rise in unemployment raises doubts about the nature of development accompanying this growth. About 8.28% of the workforce faced unemployment in 2005-06 as compared to 6.06% in 2003-04 leaving 34.74 million people without work (indiastat.com). The unemployment rate among youth aged 15-24 is three times those of adults clearly indicating that the youth face greater vulnerabilities in finding productive work. Many young people lack access to education, employment / entrepreneurship opportunities. If this is not tackled urgently it will lead to an increased social instability and economic insecurity.

Youth unemployment leads to wastage of the talents, skills and the time of the youth which could have been gainfully utilized. This problem is increasing day by day and requires more than a single solution. At present, there is a need to build a strong global base of human capital. As such there is an urgent need to increase opportunities to earn living wage. As the youth are more likely to be unemployed than the adults, the increasing unemployment will lead to an increase in economic and social insecurity.

There are a number of constraints and prospects for the youth entrepreneurship. According to ILO, trends econometric models (2010) for the year 2009, the youth unemployment rate was higher than the adult unemployment rate, i.e., 12.8% of youth were unemployed world over whereas only 4.8% of adults are unemployed. But there is still scope to bring about a change in the situations. Education, employment and enterprises are interrelated activities that can bring about an increase in employment which in turn will benefit the society.

Policies alone are not the solution to the rising problem of youth unemployment. Collaboration between public and private sector can help to bring about maximum success of developmental activities for youth employment and enterprise.

The present study makes an attempt to study the reasons for higher youth unemployment as compared to adult unemployment rates, examine the potential barriers that young entrepreneurs face while they start-up their own enterprises and, the opportunities and threats faced by young entrepreneurs in Orissa.
5.2 REASONS FOR HIGHER YOUTH UNEMPLOYMENT RATES THAN ADULT UNEMPLOYMENT RATES

- First in first out - During difficult economic times, the youth are in greater trouble than the adults. This is so because they have less work experience and as the young person is last to join the organization, he becomes the first person to be thrown out in times of labour oversupply.

- Lack of job searching skills - The young people lack labour market information and job search experience. Family and friends help the young persons find jobs. They usually do not know of methods beyond these informal methods. The adults can look for job through recommendations from previous employers or colleagues and are likely to know more people through greater networks.

- Shopping around - The youth may choose to take longer to 'shop around' for the right job. They might wait longer to find the work that suits their requirements.

- Lack of mobility - Since the young people are just starting their career, they are unlikely to be mobile. The reason could be financial problems, lack of experience or sentimental attachment.

- Measurement - The youth are now more inclined towards education. They are either taking up education or educated ones are staying in education system for long or dropping out of the labour force as discouraged workers. But there has not been a similar shrinkage of the adult labour force, which means that the gap between the youth and the adult unemployment rates would grow.

The youth are the backbone of a nation and the increase in the number of youth population presents an opportunity for action. But the present situation of youth unemployment and under employment presents risks for the society.

If youth unemployment is not tackled it may lead to an increase in the risk to health, social welfare and economy of countries. Unemployed and underemployed youth become a high cost to the society. For example in the Middle East and North Africa 60 per cent of the population is less than 24 years of age and faces bleak employment prospects. Around 100 million jobs have to be created in the next 20 years to absorb new entrants to the job market and another 20 million to bring down the present level unemployment.
The unemployed young people cannot develop their human capital potential to its fullest. When there are limited productivity opportunities for young people, they are more likely to end up in self destructive activities which also harm the society like crime, drug abuse and civil unrest. The number of young unemployed people is outgrowing the number of new jobs. The challenge of providing jobs to the youth cannot be met with a single solution. The opportunity provided by youth enterprise can offer a high potential solution as a part of an array of activities to reduce unemployment. Youth enterprise helps to generate employment opportunity directly and indirectly. It enables the young people to become the role models within their communities and reduces the problem of unemployment.

5.3 BARRIERS TO ENTERPRISE START-UPS BY YOUNG PEOPLE

In spite of vast potential of entrepreneurship for employment generation among youth, venture into the field is made complex by a number of regulatory, infrastructure, financial and socioeconomic factors. The five crucial factors for entrepreneurial engagement that should be addressed by suitable programme to boost youth entrepreneurship are -

1. Social and cultural attitude towards youth entrepreneurship;
2. Entrepreneurial guidance and information;
3. Access to finance/start-up financing;
4. Administrative and regulatory framework; and
5. Business assistance and sustenance

The barriers to start ups of enterprises have been presented in a diagrammatical form below.

***Fig 5.1 Barriers that affects youth entrepreneurship***
5.3.1 Social and cultural attitude towards youth entrepreneurship

Social and cultural backgrounds influence an individuals' approach to life and also have an impact on the entrepreneurial activity and enterprise culture. According to Gibb (1988) an enterprise culture is defined as “set of attitudes, values and beliefs operating within a particular community or environment that lead to both “enterprising” behaviour and aspiration towards self-employment.” It has been identified that cultural attitudes affect the entrepreneurial activities of a society, country, area or cultural group. Thus, cultural differences among nations are understood as an important determinant of a nation’s level of economic and entrepreneurial development. A cultural environment in which entrepreneurship is respected and valued, and business failure is treated as a useful learning experience rather than a source of stigma, will generally be more conductive to entrepreneurship.

The following are the key cultural and social influences affecting entrepreneurship in general and youth entrepreneurship in particular.

➤ Religion

Religion and enterprise have a complex interdependent relation. Since, religion can build the values and beliefs of a person, it can have an impact on entrepreneurial behaviour in general and the nature and the type of business in particular. Conversely, recent studies on the influence of religion show that faith does not exert as an important influence as might be expected on entrepreneurial behaviour. Carswell and Rolland (2004) show that there is no correlation between increasing ethnic diversity and associated religious value systems and a reduction of business start-up rate. However, there is still a general lack of in-depth research on the relation between religion and economic and social entrepreneurship.

➤ The social legitimacy and perception of entrepreneurship

Cultural values can have a significant influence on entrepreneurial behaviour. However, that does not mean that they are enough to cause or to restrain the rise of entrepreneurial activity. Social perceptions and perceived legitimacy of entrepreneurship are also an essential factor in helping or hindering entrepreneurial behaviour. The degree of approval or disapproval of business activity will influence its emergence and characteristics. How young individuals perceive entrepreneurship depends particularly upon:

• Their personal environment,

• The general reputation, acceptance and credibility of entrepreneurs in society and,
• Their individual awareness and familiarity with the concept of entrepreneurship.

a) The role of the personal environment (family, parents, relatives and friends)

Parents, relatives and friends can have a decisive influence on young people's opinions about entrepreneurship. Family background, in particular, plays a significant role in the formation of a mindset inclined towards self-employment and entrepreneurship. Some studies suggest that overall family background seems to play a more important role in the entrepreneurial attitude of students than general cultural variables associated with the country.

Still for some societies, entrepreneurship is devalued as compared to other professions like that of a career in medicine, law, with a large corporation or with government. In these societies, perceptions remain that family sacrifices made to help young people gain a high level of education are not repaid if they become self-employed. Often entrepreneurship is seen as an inappropriate career choice with lots of risk and instability.

b) Reputation and credibility of young entrepreneurs in society (corruption, competition and informal economy)

The image, reputation and credibility of entrepreneurs in a society can also have a crucial influence on young people's attitude towards entrepreneurship and on their decision to start-up their own enterprise. The appreciation and assessment of entrepreneurs can vary from them being regarded as successful, honest, courageous, independent and innovative people who create jobs ("the economic DNA") and have a clear sense of social justice to being perceived as ruthless, dishonest and selfish people who use their skills and abilities in ways that are not always or completely socially acceptable (lack of honesty or sense of social justice).

c) Awareness, knowledge of and familiarity with the concept of entrepreneurship (through education)

The motivation to engage in business and the decision to become an entrepreneur is closely linked to the level of knowledge of and familiarity with the concept of entrepreneurship as being a viable career path. Among other social institutions, education has the most important role in creating awareness and regarding entrepreneurship. Education helps to arm young people with an understanding the skills necessary for entrepreneurship.

> Specific risk appraisal of young people and coping with the stigma of failure

A high level of uncertainty avoidance in a society combined with a skeptical or negative perception of entrepreneurship often leads to a stigma being attached to any failure in a
commercial venture. This fear of failure is a strong disincentive to engage in business, for young and old people alike. However, the underlying causes and circumstances for risk assessment and risk taking can differ between young and old as living conditions, personal values and goals change with age. Older people have in general more responsibility and obligations, which they have to consider when deciding to start-up a business. A regular income, job stability, social security, fulfilling insurance, family, legal or financial obligations are in general more important to older people, which can make them highly risk averse. For young people, these underlying reasons are generally less important at first sight. For them the lack of finance, experience, skills, knowledge and familiarity with the business world generally are the main factors in discouraging engagement in self-employment. Unfortunately, no specific research exists on the relationship between young people and the stigma of failure. Nonetheless, particularly in high-income countries with a considerable level of uncertainty avoidance (like in some European countries), young people often see business failure as a personal failure which carries a subsequent loss of social reputation.

It was found from the sample survey that around 37 per cent of the respondents didn't receive any encouragement and support from their society. About 48 per cent stated that entrepreneurship was not perceived as a respectable career by the society. Nearly 56 per cent of the respondents got the idea of starting up their own enterprise from friends and relatives. Out of the total respondents only 7 per cent were female entrepreneurs.

5.3.2 Entrepreneurial guidance and information

"A country's competitiveness starts not on the factory floor or in the engineering lab. It starts in the classroom." (Henry Ford)

Entrepreneurship education plays an important role in instilling and developing entrepreneurial skills, attributes and behaviours. It also creates enterprise awareness to understand and realize entrepreneurship as a career option. Thus, entrepreneurship education not only fosters youth entrepreneurship and self-employment but at the same time equips young people with the attitude and skills necessary to cope with the uncertain employment paths of today's societies. The youth can no longer expect to find the traditional 'job-for-life' careers but rather 'portfolio careers' (contract employment, freelancing, periods of self-employment, etc.) (Dearing Report, 1997). Entrepreneurship education is, therefore, seen as a valuable contributing factor for the changing job market and economy in which young people have to operate.
According to Census of India, 2001, around one third of world’s illiterates belong to India and in a study by National Knowledge Commission, India (2008) only about 5 percent of Indian population has received skill training of any type. Such low level of human capital limits the development of entrepreneurship in large parts of the country and creates problems in finding skilled employees. Even among the educated youth, entrepreneurship is nurtured only in a few selected educational institutions. Inexperience is also a major obstacle for young entrepreneurs as they are not aware about regulatory issues, registration processes and sources of finance.

Charney and Libecap (2000) conducted an evaluation of the Berger Entrepreneurship programme in the US, comparing business school graduates who completed the programme to other graduates. They found out that entrepreneurship education is found to contribute significantly to risk-taking, the creation of new ventures and the propensity to be self-employed. Besides, entrepreneurship graduates have higher incomes, higher assets, and indirectly higher job satisfaction compared to other business graduates. Entrepreneurship education contributes to the growth of small firms that employ entrepreneurship graduates, and firms owned by entrepreneurship graduates tend to be larger and have more sales than those owned by non entrepreneurship graduates. Entrepreneurship education also promotes technology based firms and products.

In collaboration with four Scottish Universities (Heriot-Watt University, Napier University, the University of Paisly and the University of Strathclyde), Gallaway et al. conducted a study on the impacts and potential of entrepreneurship education in higher education. The authors observed that enterprise education is having a positive effect on the potential quantity of entrepreneurship.

Major constraints in entrepreneurship education

1) Lack of introduction and adoption of enterprise education

In many countries, especially in developing and transition countries, enterprise education either does not exist or has not been sufficiently adopted. Furthermore, it is not applied on all different levels of education (primary, secondary, technical and vocational and higher education).

2) Inadequate curricula and study programmes

The teaching of entrepreneurial skills and attributes and behaviours is often not properly integrated into school curricula or not adequately taught at different educational levels. Most education institutions still teach traditional values of compliance to the norm rather than
independent thinking and acting, risk-taking and self-reliance. Moreover, an academic approach to education nurtures skills that are appropriate to working in the public sector or large organizations but not for an entrepreneurial career. Even business study programmes at universities in many countries often do not include sufficient entrepreneurial elements. Thus, students are neither encouraged nor educated to become entrepreneurs.

3) Wrong learning methods

In most education systems, there is a lack of practical and experiential learning as well as teamwork learning. Although experiential learning is one of the most powerful way of learning entrepreneurship yet it is rarely used as an effective way of gaining knowledge and expertise.

4) Lack of trained/educated teachers

Teachers and university professors often have limited experience in, and understanding of, small businesses and self-employment. They are not adequately trained or educated to teach entrepreneurial skills to young people.

5) Lack of career information and business possibilities

School environment often do not introduce youth to the concept of entrepreneurship and self-employment as a career option. Tools, resources and information material to support youth entrepreneurship are not readily available.

6) Lack of business and education linkages

Relationships between educational institutions and the business community (school-industry partnerships / combination of classroom learning and on-the-job experience) do not exist or are poorly developed.

7) Lack of ICT infrastructure/capability

Due to financial constraints, schools often cannot afford to provide access to appropriate ICT infrastructure (hardware, software, Internet access and multi-media applications). Inadequate ICT infrastructure and training constrain ICT capabilities of young people, which are crucial for many new entrepreneurial opportunities.

5.3.3 Access to Finance

Early and easy access to finance is a deciding factor in the success of an entrepreneurial venture. Due to the difficulty in access to formal credit institutions, about 63 percent of the Indian entrepreneurs are self-financed at the start-up stage. The problem is especially grave for young entrepreneurs who are facing the convoluted procedures of credit agencies for the first
time. Many entrepreneurs have been forced to avert their plans due to lack of credit and low expected return due to a general decline in demand.

**Major constraints for young people to start-up finance**

1) **Lack of securities /and credibility (for debt financing)**

Due to lack of self-sustaining resources sufficient collateral or guarantees to secure loans or lines of credit, young people are often seen as risky investments and therefore face difficulties in getting finance. Furthermore, some potential entrepreneurs may be carrying student debts, which will make it even harder to secure finances for new ventures. In addition, funds requiring less or no collaterals (except a viable business plan) often charge significantly higher interest rates and fees.

2) **Lack of business experience and skills (for debt financing)**

One of the key concerns when lending money to young entrepreneurs is experience and business skills. Because of their age, young people are unlikely to have the type of business experience, track record or business skills that banks or other financial institutions would look for in assessing creditworthiness.

3) **Complex documentation procedures**

Young people are easily drawn back by the documentation procedures and information required by many commercial lenders of credit. Funds requiring less or no collaterals but that which will charge very high interest rates and fees often have more complex documentation procedures.

4) **Long waiting periods**

Another problem which the young entrepreneurs face is the time needed by the officials to decide on an application for funding particularly from public support agencies and programmes. In many cases, the time spent on preparing (entrepreneur) and processing (agency) an application can take months, which may be very long time for a potential young entrepreneur.

5) **Insufficient knowledge, understanding and awareness of start-up financing possibilities**

Young entrepreneurs often start their businesses without carefully assessing the amount of capital (start-up and working capital) they will need to actually get started. Many think that passion and enthusiasm will be enough to get them through the rough periods. Moreover, young entrepreneurs are often not aware of the availability and types of finance, funding norms and special support programmes.
Ready access to early-stage finance, especially seed capital, is a critical factor in a favourable entrepreneurial ecosystem. This is especially essential for young entrepreneurs. There are two basic types of early stage finance: debt (largely from banks and financial institutions) and equity (from sources such as venture capital funds and private equity funds). While conventional bank financing relies mainly on the criteria of adequate collateral and established track record to judge credit-worthiness of the entrepreneur before disbursement of funds, the equity based sources are less risk averse and restrictive in financing start-ups.

Unlike conventional banking finance, which is mainly debt based, the comparatively newer sources of finance such as angel investors, venture capital (VCs) and private equity (PE) funds, invest equity with the expectation of much higher returns. The lending decisions of banks are governed by the ability of businesses to service the loan and the availability of collateral. On the other hand, equity investors make capital investments (with a different emphasis and understanding of collateral) in return for considerably larger returns within a defined exit horizon. With the advent of angel investors, VCs and PE funds (including cross-border investment) and their active involvement in the equity market in India (especially in the knowledge-based industries) over the last few years is one of the most significant financial developments that could impact the growth of youth entrepreneurship in India.

**Angel Investors:** Angel investors are high-net-worth individuals (HNIs) who have often been successful entrepreneurs themselves. They redistribute their wealth in next-generation businesses. They invest in new idea enterprises (that do not yet have external validation), help bring these ideas to market, take considerable risks and invest a lot of time and energy in mentoring, management assistance and networking. Their time horizons are limited and intended at ensuring the availability of better institutional funding, mainly from VCs. Where access to initial stage capital is a serious issue, angel investors have the possibility to become one of the most important catalysts for raising the number of new entrepreneurial ventures in India.

**Venture Capital (VC):** Venture capital funding provides funds for initial stage companies once they have passed the seed stage and report some returns. VC investments are conventionally made for scaling up operations (i.e., developing, creating and expanding new products or services). VCs take lower degrees of risk and invest more money than angel investors. However, a VC is about more than financial support alone. VCs provide entrepreneurial assistance in the form of providing financial advice, human resources, IP issues, creating networks with
customers and overall guidance in company strategy. In return, VCs also hold a degree of control over decisions governing the company’s functioning (e.g., through board seats and legal covenants), and usually look at fixed time horizons for predetermined exit, usually via a private equity fund.

**Private Equity (PE):** Private Equity funds are among the important sources of funding for enterprises that are relatively secure with an established track record, requiring considerably huge funds for expansion and growth. PEs make capital investments in those companies which are yet to be listed on a stock exchange in exchange for equity and management participation. As such, they take reasonably well-defined risks and their leaving strategy is usually up to the stage when the company goes public or gets acquired at high value.

### 5.3.4 Administrative and regulatory framework

A requisite for motivating entrepreneurship is the creation of a favourable business environment. The essential parameters for a conducive business environment are smooth flow of information; ease of starting a business and obtaining various clearances and permits; ease of filing taxes; an effective legal system; facilitating legislations and regulations; reducing corruption; and world-class infrastructure facilities.

Regulatory and bureaucratic hurdles are the largest problematic factors for doing business in India. It takes 1420 days to put in force a contract in India, one of the highest in the world (Doing Business Report, 2011). Filing bankruptcy is one of the slowest procedures; it takes on an average ten years to close a business (ibid). The registration system, labour laws, high taxation and corruption often discourage entrepreneurs from moving into the formal sector. These regulations increase the cost of business for the entrepreneurs.

**Major administrative and regulatory burdens for young people**

Today, entrepreneurs face a number of administrative burdens including business registration, tax administration, obtaining investment approvals and business licenses, coping with copyright and patent regulations, competition law, access to work space and long-term leases, construction and building permits, customs clearances, utility hook-ups, etc. These issues are particularly time and cost consuming for young entrepreneurs, as young people often do not have prior or less experience with such matters. Lack of capital, administrative costs and high tax levels can become a barrier to set up a business or can push many promising young entrepreneurs into the grey or black market where there are limitations to the opportunities for them to grow.
and prosper. Finally it is the perceived administrative complexity that keeps young would-be entrepreneurs from ever getting into business. The following are the key impediments that young entrepreneurs face in this area.

1) **Unsupportive tax regimes (system and tax levels)**

Unfavourable or complex tax systems can kill off new young enterprises in the start-up phase and during their critical first few years of business. Particularly young entrepreneurs ("teen entrepreneurs") with little experience are either put off by complex tax-regulations or are afraid of doing something wrong. Often young entrepreneurs cannot afford to hire an accountant to assist with tax administration.

2) **Business Regulations**

Several comparative studies on business policies and procedures in India and in other countries are also quite revealing. While these studies reveal India’s comparative advantage in workforce, talents, demographic profile and growing domestic demand, India fares poorly in respect of its business environment. For instance, in the 'Doing Business 2008' report which was published by World Bank and the International Finance Corporation, India ranks 120th out of 178 countries even behind countries such as The Maldives (60th), Pakistan (76th), Sri Lanka (101st), Bangladesh (107th), and Nepal (111th). The OECD draft note on regulatory framework in market for goods and services places India behind various countries, including Chile and Brazil. The Global Competitiveness Report 2010-11 of the World Economic Forum places India in the 51st position among 132 countries. Evidently, there seems to be need for qualitative reformation in the business facilitation environment.

Starting a business: 12 procedures; 29 days
Dealing with Construction Permit – 37 procedures; 195 days
Registering property: 5 procedures; 44 days
Paying taxes: 56 payments per year; 258 hours per year
Enforcing contracts: 46 procedures; 1420 days
Closing a business: 7 years; recovery rate 16.3%

*Fig 5.2 Doing business in India Indicators*

Source: Doing Business 2011, World Bank, IFC
3) Access to relevant information

An entrepreneur while starting a new business needs to access to reliable information on various aspects of business such as regulatory issues, statutory compliances, registration processes, possible sources of finance, infrastructure and so on. However in India, this information is largely dispersed. The lack of available information compels new entrepreneurs to employ intermediaries to advise them on essential aspects of starting a business, thereby incurring additional costs.

4) Ease of starting and operating business

Difficulty and delays in meeting various government obligations such as registration of company, procuring licences and registering property create problems for entrepreneurs. The World Bank report, 'Doing Business in South Asia 2007' says that, it takes 35 days (in Mumbai) to 52 days (in New Delhi) to start a business in India. The official costs of commencing a business are high and the procedure quite complex, involving not less than 13 procedures. According to Doing Business 2011, a large number of separate registrations like Tax Account Number (TAN), Permanent Account Number (PAN), Employees Provident Fund Organization (EPFO), Employees State Insurance Corporation (ESIC), among others are required for any business to start operations. Registering property itself requires 5 procedures and an average of 44 days. Different rates of stamp duty and transfer charges exist across states. Besides these initial procedural hurdles, an entrepreneur also has to obtain other permits and clearances, both at the central and state levels. These include land use approvals, building permits, power connections, water and sewerage connections, and so on. Even in states where the Single Window System has been put in place, most entrepreneurs do not find them adequate.

5) Taxation

Entrepreneurs also face problems relating to burdensome tax procedures as well as multifarious taxes. According to the 'Doing Business 2011', India’s tax regime requires 56 separate payments every year. Collection of taxes through various government agencies also increases the difficulties in complying with tax regulation. There also exists a multiplicity of taxes. In addition to service tax, CENVAT and custom duties that are levied by the central government, state and local governments also levy respective state VAT/sales tax, entertainment tax and entry tax.
6) Legal system

Doing Business 2010-11' report states that it takes on an average 10 years to perform bankruptcy proceedings in India. Moreover, claimants can expect to recover an average of less than 16.3 cents on the dollar. Although official liquidators are appointed to perform liquidations, the procedures are often long drawn. An additional legal issue is that of unlimited liability for promoters in partnership and proprietorship businesses due to the lack of Limited Liability Partnerships (LLPs) as a legal entity in India.

7) Infrastructure

The availability of good infrastructure services is important for the growth of entrepreneurship. India's physical infrastructure, i.e., roads/highways, railways, ports, airports, power, telecom are seen as a hurdle to the smooth operation of all economic activity. The high transport and supply chain costs that poor infrastructure bring about are important, mainly for a small entrepreneur. Enterprises surveyed in the Global Competitiveness Report 2007-08, rated inadequate infrastructure as 'the most problematic factor' for doing business in India. In this report, while India ranks well on 'soft' parameters like higher education, it loses out on the adequacy of infrastructure facilities.

Global Competitiveness Report 2010-11 stated that while India ranks 39th on the innovation index in the report, it is 86th on the infrastructure index. The policy makers must recognize that India's innovation capacities aren’t operating at full scale due to lack of adequate infrastructure.

It was found during the research that the tax rates were very high as compared to the neighbouring states which get support from its government.

5.3.5 Business sustenance and assistance (BAS) and business development services (BDS)

The more business assistance a young entrepreneur acquires in the start-up and new business phases, the better his or her chance of creating a successful and sustainable business. Support services including counselors, support networks, business clubs and incubators can hold the key to transform youth start-ups into successful small and medium businesses. Still, there is lack of awareness and knowledge among young people on how to start and run a business.
Major constraints in the area of business assistance and sustenance

1) Inadequate business connections: Business contacts, suppliers, suitable partners and networks

Entrepreneurial seclusion, i.e., not knowing anyone in the business and the deficiency or high entry barriers of business networks is a common obstacle faced by young people. Business contacts are essential for young and inexperienced entrepreneurs. Young people who do not have business experience cannot fall back on a former customer base or on an already established supplier network. Moreover, they do not know where to look for it and what will be expected from them by other business establishments and suppliers. Young entrepreneurs also face difficulties because they are often not taken seriously by colleagues or other business people.

2) Lack of knowledge of available business support services

Young entrepreneurs, particularly in high income countries, do not make much use of government-funded advisory services. In many cases, they are either not aware of the variety of public or private business support services or they are simply confused over the service provision.

3) Lack of business training and advice for young start-ups

The young entrepreneurs require tailor-made training and counseling pertinent to their particular start-up situation, their business and the sector it operates in. In many cases, there is a lack of on-the-job training focusing on technical aspects of starting up a business (business plan preparation, project formulation, start-up administration, procedural details, forms, duration, what to do and in what order, accountancy, taxation, etc.).

4) Lack of trained counselors, development workers and adequate support agencies

Enterprise and support agencies are often not very responsive to these circumstances. As they have to be self-sustaining, they often design their services to serve the more mature SMEs rather than cash-poor youth business start-ups. In general, there are very few agencies or centres which provide business advice, training, guidance and specialist access to finance exclusively to young people.

5) Insufficient mentoring capacities

The provision of mentoring programmes in which experienced entrepreneurs, business leaders and business professionals provide guidance to young entrepreneurs remains insufficient in many countries. As with counselors and development workers, mentors are often not carefully
selected. Valuable experience is often not enough if the mentor is not willing or simply not capable of guiding, coaching and supporting a young person.

From the sample survey by the researcher it was found that nearly 43 per cent of the respondents stated that excessive formalities have to be complied with while getting assistance from the government while 36 per cent stated that the procedure involved in obtaining assistance was quite rigid.

5.4 OPPORTUNITIES AND YOUTH ENTREPRENEURSHIP IN ORISSA

- Wave of industrialization being witnessed in Orissa today, especially in the metal, power, cement, petro-chemical, IT, tourism sector and current growth in services sector provide enormous opportunities for the growth of MSMEs in the State.
- Large deposits of natural resources, 1/5th of India’s coal, 1/4th of iron ore and 1/3rd of bauxite.
- Government is offering vocational education in 231 junior colleges to produce skilled personnel for self employment.
- The Industrial Policy aims to improve technical manpower and upgrade the skills of local entrepreneurs.
- In last four years, the service sector has grown more than 10 per cent annually on an average and its growth has remained fairly steady as compared to agriculture and industrial sector.
- At present, there are 25 public sector banks with 1,685 branches, 11 private sector banks having 101 branches, 5 regional rural banks with 871 branches, 2,657 commercial bank branches and 328 state cooperative banks spread over Orissa.
- Orissa has 2,38,000 kilometres of roads including 3,590 kilometres of National Highways; 5,102 of State Highways and 30 kilometres of State Expressways.
- During 2008-09, there were 8,162 post offices and 1,163 telephone exchanges and telephone facilities were available in 40,783 villages. In Orissa, cellphones constitute 63 per cent while landlines represent 29 per cent of all connections. Orissa stands above the national average in average postal density.
- In order to facilitate these industries and to create an enabling environment to attract national and international investment, government has enacted Orissa Industries (Facilitation) Act, 2004 for implementing the Single Window Clearance System.
Directorate of Export Promotion and Marketing has been established to promote export of goods from the state of Orissa and to give marketing assistance to SSI units of the state. It provides market intelligence and overseas tender and trade enquiries among the existing and potential exporters and entrepreneurs of Orissa for their active participation. It also renders guidance in export processing, pricing of export items and on availability of different incentives for exports granted by Government of India.

There is a huge opportunity for agro-based industries as: rice milling, dal-milling, maize milling, edible oil milling, cotton oil, coconut oil, non edible oils, dehydration of vegetables, cattle poultry, potato chips, sugar mills, mushroom cultivation and many more agro-based industries.

The state has sufficient talent to cater to the needs of IT industry. It produces 20,000 Bachelor of Technology and MCA Graduates, about 3,000 Management Professionals and 50,000 General Graduates every year.

In Orissa, the software exports have increased by 15 percent in 2010-11 compared to the previous year. The export by IT units registered with the Software Technological Parks of India (STPI) was Rs 1,198 in 2009-2010 which marked an increase of Rs 179 crore as compared to Rs 1,377 crore in 2008-09. In India, Orissa ranks tenth in software exports among the states in the country. The software export from the state is projected to cross Rs 2,000 crore in 2013-14.

Orissa has a huge potential for development of tourism. It is one of the sectors which help to earn foreign exchange as well as creation of employment opportunities. It not only creates opportunities for both direct and indirect employment. About 92,206 persons are directly engaged and 2,76,618 persons are indirectly engaged in the tourism sector in the state. The number of tourists from within the state has nearly tripled, that from India but outside the state has nearly doubled and that from abroad has increased by 71 per cent.

Animal resources and fisheries sector has greater employment opportunities and income generating potential in Orissa. Orissa has a coastline of 480 kms. which has considerable potential for inland and marine fish production that can boost exports to generate income for the State. There are 1003 registered Primary Fisherman Cooperative Societies (PFCS).
The World Bank survey in 2010 indicated that it is easier, less-stressful and more functional to do business in the capital of Orissa, Bhubaneswar which has performed better than even India’s capital (which figures at six) or India’s financial capital Mumbai (which figures at ten).

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<tr>
<th>DOING BUSINESS IN INDIA: WHERE IS IT EASIER?</th>
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<td>Ludhiana, Punjab (easiest)</td>
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<td>Mumbai, Maharashtra</td>
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<td>Bengaluru, Karnataka</td>
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<td>Ahmedabad, Gujrat</td>
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<td>Patna, Bihar</td>
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<td>New Delhi, Delhi</td>
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<td>Chennai, Tamil Nadu</td>
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<td>Jaipur, Rajasthan</td>
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<td>Kochi, Kerala</td>
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<td>Guwahati, Assam</td>
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<td>Kolkata, West Bengal</td>
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<td>Ranchi, Jharkhand</td>
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Fig. 5.3 Doing Business in India: Where is it easier?
Source: Doing Business Database, www.vedantaaluminium.com

Orissa has abundant natural and socio-cultural resources. Long period of neglect, mismanagement, lack of proper vision and long-term plan based on resource endowments have given the State the uncertain distinction of the poorest State. The dead-lock needs to be broken with an impetus, based on the spirit of adventure and determination so that the State emerges as a vibrant state with an equally vibrant economy without of course, compromising the environmental norms. The development then becomes sustainable.

5.5 THREATS AND YOUTH ENTREPRENEURSHIP IN ORISSA

- The major factors contributing to the under development of Orissa economy are the low level of investment, slow economic growth and persistent occurrence of natural calamities.
- Orissa economy largely relies on the agriculture which accounts around 35% of the GSDP as compared to 26% at the national level. Since the major constituent of the primary sector is agriculture and allied activities which is prone to drought conditions and other natural calamities, the over all macro economy has become subject to instability.
Besides this, inadequate investment in private sector and slow industrialisation process, dependence of the state economy on primary sector is also not reducing.

- Inadequate irrigation still remains a major stumbling block in increasing agricultural productivity. In Orissa, the irrigation magnitude is still comparatively low though the state has been striving to significantly improve irrigation facilities.

- The problem areas in power sector are it’s excess reliance on hydropower projects which is subject to climatic uncertainties, transmission loss and resource crisis.

- The density of railway coverage is fairly high in some of the fringe regions of the state, while areas in the central parts of the state remain largely untouched. The state remains poor in railway coverage and this is one of the factors that has hampered the pace of its industrial development.

- The cottage industries in Orissa affirm a declining trend in terms of number of units as well as employment generation.

- Even though the steps taken in the successive industrial policies, the growth of MSMEs in Oriissa is not at par with the national standards.

- The natural richness of the State in terms of abundant natural resources, skill set and human resources have not been leveraged to realize the full potential of the State.

- As the flow of finance is associated to the creditworthiness of the enterprise, small enterprises due to size and low capital base, find it bit difficult to become the preferred clients of the Banks.

- The state’s unemployment rate is higher than the national rate and the difference between state and the country unemployment has widened. The urban unemployment rate is higher than the rural unemployment rate. In 2007-08, an estimated 1.4 million people were found to be unemployed.

5.6 SUMMARY

Young people have a central role to play in the development of an economy. The factors which influence the young people to start their own enterprise are socio-cultural attitude, entrepreneurial education, access to finance, administrative and, regulatory framework and business assistance and support. The obstacles faced by the young entrepreneurs during the start ups are negative attitude of people and society towards entrepreneurship, lack of information
regarding business possibilities, limited access to finance, high tax rates, complex documentation procedures, lack of trained counselors, etc.

Orissa is a land of rich cultural heritage and tradition with a magnificent past. It is a land of art and artists where art achieves excellence and many great artists born here have taken the art to the zenith with their talent and devotion. Often called the Beauty Queen of the East, the state possesses vast potential that however needs to be tapped and projected properly before the outer world to reap rich benefits from various sectors. Orissa is now on a defining stage to draft a new destiny by giving more emphasis on alleviation of poverty and increase in literacy. This change is increasingly attracting global attention and investors are knocking on Orissa's doors for capital opportunities, which will ultimately set the growth momentum rolling in the state.

5.7 REFERENCES


