"No matter how fertile the seeds of entrepreneurship, they wither without the proper economic soil. In order for entrepreneurship to germinate, take root, and yield the fruit of economic progress it has to be nourished by the right mixture of freedom and accountability, a mixture that can only be provided by a free market economy."
8.1 SUMMARY OF FINDINGS

Entrepreneurship can be an important pathway of opportunity for young people. It is a pioneering way of channelizing youth into the labour market within the framework of potential efforts to boost employment for young people. Taking into consideration rising youth unemployment, promoting youth entrepreneurship can be a beneficial strategy to generate jobs, improve their livelihoods and economic independence. Moreover, youth entrepreneurship has a multidimensional approach as it fights youth unemployment in two different ways: firstly, it generates employment opportunities for self-employed youth as well as for other young people being employed by young entrepreneurs. Secondly, it provides youth with entrepreneurial ability and attitudes that are necessary to cope with the general shift from traditional 'job-for-life' career towards 'portfolio career'. Hence, it develops young people's general employability for today's and tomorrow's labour markets.

Dynamic businesses are responsible for a major share of the new sustainable jobs generated, and contribute to the diversification of the industrial structure and to the growth of the small business sector. But, the existence of various constraints limits the impact of young dynamic entrepreneurs. An environment that is more favourable to entrepreneurship would promote the creation of a broader group of dynamic young business people and their ventures would perform even better. An entrepreneurship policy creating a proper climate would help young people to transform their attitudes and to form affirmative perceptions about entrepreneurship. It would also enhance their self-confidence and the desirability of starting a new business. The reduction of obstacles could help young people to bridge the gap between the intention and entrepreneurial behavior, and decide to take the bold step of starting a new business.

The present study was undertaken to understand the youth entrepreneurship and its promotion in a developing state like Orissa. Here, an attempt has been made to study some aspects which contribute and impede the growth and development of young entrepreneurs. The specific objective of this thesis was to study the growth of entrepreneurship in Orissa, socio-economic factors influencing the young entrepreneurs, role of the government in the start-up of ventures and, identify the prospects and challenges faced by the young entrepreneurs for start-up of the new enterprise.
The data sources for the present study were both primary and secondary. The primary data was based on exploratory research. A sample of 200 young entrepreneurs from the twin cities of Orissa, i.e., Bhubaneswar and Cuttack were selected through random sampling. Well structured questionnaire and interviews was used to gather information from the young entrepreneurs. The major sources of secondary data were Economic Survey of Orissa, Statistical Abstracts of Directorate of Industries, Manual Reports from District Industrial Centres, Institute of Entrepreneurship Development, State Employment Mission, OSFC, SIDBI, MSMEs, OSIC, Jan Siksha Sansthan and Udyog Vikas. Data were presented in form of suitable tables and graphical presentations. Statistical techniques like Chi square test is used to test the independence of variables under the study and ANOVA tests to find out whether any significant differences exist among sample means of the responses.

8.2 MAJOR FINDINGS

✓ Orissa had a glorious past owing to its overseas and maritime trade, which declined during medieval period. At present, Orissa is one of the industrially and entrepreneurially backward states of India, despite its vast mineral, forest, agriculture and marine resources. Planned exploitation and optimum utilization of different resources holds the key to rapid economic development of the state.

✓ Growth of Micro, Small and Medium Enterprises (MSMEs) sector is being emphasized not only because of its potential for generation of employment opportunities but also for its contribution to the output of the State. During 2008-09, 4,806 MSMEs went into production with total investment of Rs.227.92 crore and 20,996 persons were provided employment opportunities.

✓ The industrial units existing in the state prior to the planning period were mainly in unorganized, small and cottage industries sector. The industrial and entrepreneurial activities gained momentum in the state only in the early eighties with the declaration of Industrial Policy Resolution, 1980. The state government for the first time came forward with an attractive package of incentives and concessions like investment subsidy, octroi subsidy, sales tax relief, etc., for the rapid growth of industries and entrepreneurs in the state.

✓ Many countries in the world today are facing the problem of unemployment and especially that of the youth. The population of the youth has exceeded the job
opportunities in the market. Due to the scarcity of suitable and decent jobs, the problem of youth unemployment has cropped up.

✓ Youth entrepreneurship is relatively a new area of research, therefore, literature related to youth entrepreneurship made in the developed countries is generally available. In India, studies have been made related to youth entrepreneurship by many researchers but they are not considerably large in number whereas in Orissa very few studies focusing on youth entrepreneurship have been made.

✓ Studies and review of literature reveal that youth is a phase of life where a person has high aims and aspirations. They strive hard to rise in life and fulfill their dreams. They are ready to accept challenges in life and are responsive to new economic opportunities. They not only create employment avenues by employing other young people but with the help of their innovative and creative ideas also contribute to the development of the economy.

✓ Orissa has a vast potential and offers opportunities for the upcoming entrepreneurs. It was found that Bhubaneswar was ranked 3rd in doing business in India with less stress and more ease. But at the same time it poses threats also like inadequate irrigation facilities, getting quality and adequate power, etc.

✓ It has been found that even though at present people in Orissa have realized entrepreneurship as a viable career option and are even taking up entrepreneurship as a career but still there are few factors which prevail and are common as they use to be in past like

- Till date, it is the male population which dominates this sector. It was observed that around 97 per cent of the sample respondents were male whereas only 3 per cent were female.
- Family occupation and family environment moulds the mindset of the young entrepreneurs. Most of the entrepreneurs came from a business family. Around 75 per cent of the young entrepreneurs stated that they belong to business family and their parents were engaged in some form of business. And nearly 56 per cent belong to joint family.
- Many of them opted for sole proprietorship form of business. Nearly 84 per cent of the respondents were sole proprietors. The reasons may be that it is thought of
in partnership there is lack of trust and confidence, fraudulent motives and siphoning of the money amongst the partners.

- The preferred location of starting an enterprise is market place rather than an industrial area. It was found that nearly 93 per cent of the enterprises were located in the market place owing to better accessibility to market and customers. It was further observed that 84.5 per cent of the young entrepreneurs opted for local market to sell their products and nearly 82 per cent of the respondents dealt with consumer products.

- Desire to be independent is one of biggest factor in motivating individuals to engage in entrepreneurship. Around 50 per cent of the young entrepreneurs opted for entrepreneurship as a career because they had a strong desire to be independent whereas 23 per cent opted for it because they wanted to earn more money.

- The success or failure of a new business is often dependent on overcoming a host of potential barriers like securing sufficient financial backing, adequate and suitable guidance and training, etc. Still, access to finance and government regulations pose as a problem for the entrepreneurs to start-up their enterprise. It was also observed that the respondents too gave the highest rank to access to finance and government regulations as a barrier to start-up of enterprise.

- Family acts an important source of motivation and influence the young people to become an entrepreneur. It was found during the study that advices from the family members, relatives and friends had influenced the present career of the young entrepreneurs of both the cities. Around 56 per cent of the young entrepreneurs got the idea of setting up the enterprise from friends and relatives whereas 19 per cent got the idea from market study.

- There are several ways and means of acquiring initial capital to start-up an enterprise like banks, family funds, money lender etc. It was observed that nearly 47 per cent of the young entrepreneurs got their initial capital from family funds whereas only 19 per cent opted loan from financial institutions.

- The entrepreneurs stated that they faced difficulty in obtaining finance from the banks due to lack of collateral securities, complex documentation procedures etc. Around 52 per
cent felt that the interest rates were too high while 21.5 per cent felt that the documentation procedures were too complex.

✓ It was observed that 75.5 per cent of the respondents were in the age group of 28-35 years out of which 77 per cent were successful in running their own enterprise.

✓ Researches have found that education plays an important role in providing a good background while starting up a new venture. It was found that around 32 per cent of the young entrepreneurs were graduates while 26.5 per cent were post graduates.

✓ It was found that amongst the sample respondents around 84.5 per cent belong to middle class family and were more successful. The reasons may be the aspiration to be included in the upper class, threat to lose their present status or they are more calculative and cautious.

✓ Various studies have found that individuals with prior work experience have higher entrepreneurial intentions and people with no prior work experience may find difficult to develop a good business idea. But it was found that 57.5 per cent of the young entrepreneurs did not have any prior work experience and were more successful.

✓ Family environment plays an important role in nurturing entrepreneurship amongst their children. It was found through F- Ratio that environmental parameters like education, learning and hard work were statistically significant and had bearing on the performance of the business.

✓ A favourable socio-cultural environment is required for the entrepreneurial and economic growth. The event of enterprise creation and the necessary activities in entrepreneurship can therefore be seen as an outcome of congruence between environmental conditions and the entrepreneurial behavior of the individuals determined by their socio-cultural background. It was observed that 63 per cent of the young entrepreneurs who received encouragement from socio-cultural environment were successful in establishing and running their own enterprise. Around 56 per cent of the respondents felt that their society perceives entrepreneurship as a respectable career.

✓ There are various demotivating factors for a young entrepreneur to engage in business like access to finance, lack of skills, corruption, workload, competition etc. Out of the several factors it was found that access to finance, lacks of necessary skills, stigma associated with failing and administrative hurdles were the major demotivating factors.
Government, both directly and indirectly, influences the development of an environment that can promote entrepreneurship. The most important role of the government and other agencies is to increase opportunities, to develop motivation of potential entrepreneurs to go into business and to develop potential entrepreneurial ability to start a business. It was observed that around 33 per cent of the young entrepreneurs faced difficulties in obtaining government assistance due to excessive official formalities and 27 per cent due to rigid procedures.

Entrepreneurs stated during the study that in Orissa tax rates like VAT, sales tax, entry tax etc. were much higher as compared to other neighbouring states. Taxes not only influence young people’s decisions to become entrepreneurs but also have an impact on their decisions while entering into the field of entrepreneurship. Higher tax rates have negative effect on entrepreneurs’ decision to expand their business and take risk.

There are some specific problems which youth entrepreneurs face due to their age, limited experience, knowledge and skills. The specific problems are

- Young entrepreneurs initially faced problems in acquisition of resources like financial, human, technology and informational necessary to set up a new firm. Around 51 per cent of the young entrepreneurs faced difficulty in acquisition of resources.
- Around 51 per cent of the sample respondents opined that due to their age, limited skill and knowledge they were not taken seriously by other established business houses.
- Around 59 per cent of the young entrepreneurs stated that they faced problems from suppliers and banks due to their age and limited experience.
- Lack of marketing and selling skills on the part of young entrepreneurs was one of the problems faced by the young entrepreneurs in entering and developing markets and because of it around 67 per cent of the respondents faced difficulty in selling their products.
- One of the major concerns by banks while lending money to the young entrepreneurs is the lack of experience and business skills. Around 60 per cent of the young entrepreneurs faced difficulty in proving their creditworthiness as
banks were looking for business experience and track record in assessing their creditworthiness.

✓ Awareness is the prerequisite for availing the schemes meant for the promotion of young entrepreneurs. Many schemes do not reach the target group because of the unawareness of the schemes initiated by the government and other institutional agencies. It was observed that around 61 per cent of the respondents were unaware, 22 per cent were aware of the schemes and 17 per cent were not fully aware of the schemes initiated by government.

✓ Government and institutional agencies play a vital role in promoting entrepreneurship in a State. Even though a number of programmes and policies have been laid down but there was a gap between the expected and actual outcome. It was found that the training programmes conducted by Institute for Entrepreneurship Development (IED) for Self Employment for Educated Unemployed Youth (SEEUY) in the year 2006-07 was 147 where 4,312 youth were trained but the number declined to 11 in the year 2009-10 where only 300 youth were imparted training. In case of Entrepreneurship Awareness Camp (EAC), the number of training programmes conducted was 30 in 2005-06 where 2,127 trainees were trained but it declined to 9 in 2009-10 where 1000 trainees were trained.

✓ It was found that in 2008-09 around 800 beneficiaries got marketing assistance from SIDBI to the tune of Rs. 2.1 lakhs but there were no such assistance during the year 2009-10.

✓ It was found that vocational courses and training programmes conducted by Jan Siksha Sansthan, Cuttack were 173 in the year 2007-08 where 367 youth were trained but in the year 2009-10 it decreased to 43 where only 197 youth were trained.

✓ Through the informal discussions with the government officials it was found that they were not very positive about the development of youth entrepreneurship in Orissa in the present scenario. They stated that due to lack of motivation and entrepreneurial culture it is difficult to convince people to take up entrepreneurship as a career. It was further observed that the concept of single window system which was introduced to benefit entrepreneurs in getting clearances from single window was ineffective as the approvals were stretched beyond the stipulated time period.
MSMEs in Orissa suffer from typical weaknesses like low capital base, non-availability of infrastructure and marketing support. Despite the initiatives taken in the successive industrial policies, the growth of entrepreneurs in Orissa is not at par with the national standards. The inherent 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.

Young people have a vital role to play in the development of an economy. The factors that 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 societies towards entrepreneurship, lack of information regarding business possibilities, limited access to finance, high tax rates, complex documentation procedures, lack of trained counselors etc.

8.3 SUGGESTIONS

On the basis of above major findings, the study has following recommendations-

❖ In order to facilitate an entrepreneurial culture among young people, it is essential to know about young people’s attitude, awareness and aspirations towards entrepreneurship and business. Before targeting young people with particular interventions and initiatives to raise their entrepreneurial profile, appropriate research and analysis is required.

❖ Raising awareness and familiarizing young people through motivational and awareness campaigns about entrepreneurship as a valuable career path. It will help to promote positive attitude towards entrepreneurship and thus a higher acceptance and legitimation in the society in the long run.

❖ Training programmes aimed at motivating youth towards entrepreneurship must be qualitative and penetrating. It should be designed in such a way that it caters to the needs and requirements of the targeted youth. Instead of tailor made programmes it should be need based programme where quality is given more emphasis than quantity.

❖ Events, competitions and awards are another way of raising the interest of young people towards entrepreneurship. Youth business events (e.g. gatherings, exhibitions, fairs, concerts, etc.) while tapping into youth culture can be a useful instrument for introducing entrepreneurship to youth. Business competitions and awards like business plan
competition, simulation games, mini companies awards etc. can act as an incentive for young ambitious people. Through appropriate media coverage public interest in entrepreneurship and familiarity with the concept can also be increased.

- Government schemes and programmes aimed at promoting youth entrepreneurship should be implemented effectively because without effective implementation the problem of unemployment would not be solved rather it would be just a pen and paper schemes and programmes only.

- Successful entrepreneurs, youth or adult, are probably the best ambassadors for promoting entrepreneurship among young people. By portraying an image of independence, success and achievement they can motivate young people to think and explore entrepreneurship and self-employment as a career. The more a young person knows a successful entrepreneur, the more likely he or she might become interested in starting a business because they have a role model to follow. Moreover, when supported by media campaigns, credible role models can have an influence on young people's personal environment, so that parents and relatives will change their attitude towards entrepreneurship as well and encourage their children to engage in this field.

- Entrepreneurship based education has an important impact upon young men and women. One important aim of entrepreneurship based education should be the promotion of entrepreneurship as a viable career path. Learning about business development, administration and management as well as learning the necessary skills, attributes and behaviours that creates positive attitude towards entrepreneurship can have a considerable impact on a young person's decision to become an entrepreneur. Government should therefore introduce entrepreneurship development studies in the course curriculum from undergraduate level itself so that the mindset of the individual can be moulded initially.

- Business incubators have become a popular means for supporting the budding entrepreneurs. In Orissa there are very few business incubators. The government should look at establishing business incubators for young entrepreneurs where they can receive individual assistance, business training, support facilities and knowledge on tax incentives.

- Skills and knowledge are the drivers of the economy. Adequate and necessary hard skills and soft skills should be given to the potential youth entrepreneurship. They should be
given enough knowledge about setting up an enterprise and entrepreneurship as viable opportunity for earning their livelihood.

- Young entrepreneurs often face difficulties in meeting and understanding the strict credit scoring norms of banks. In order to lessen uncertainty and allow young entrepreneurs to understand the principles of risk assessments, rating procedures and credit scoring systems should be as transparent so that procedures are understood and become accessible by the young entrepreneurs. In this framework, banks should communicate the relevant measures affecting the rating of enterprises and inform young entrepreneurs about its assessment.

- To ease the complexity and simplify the administration, financial institutions can streamline their official procedures. This would also lessen the processing time of loan applications, loan evaluation and loan monitoring which will encourage the young entrepreneurs to take the help of financial institutions in setting up their own enterprise.

- Inadequate information on ways to finance new business ventures acts as a hindrance for young people. Advice and counseling can help them in preparation of business plans, in calculating the amount of capital they will need and in securing conventional debt as well as equity finance.

- Entrepreneurship support organizations and NGOs should provide adequate and accessible on the job training on start-up issues like business plan preparation, start-up administration, project formulation, planning, financing options, accountancy, taxation, marketing and labour law, etc. as well as business expansion support.

- Mentoring can be one of the most effective ways to extend support that can be offered to young entrepreneurs. Well qualified and efficient mentors can provide guidance and information to the young entrepreneurs who want to establish their own business. They can also provide support to young entrepreneurs in sustaining and expanding the business. The old and experienced entrepreneurs can come forward and take the initiative of mentoring the young inexperienced youth or the Industries Officer at DIC and block level should be given the responsibility of mentoring. Centres at district level and block level can also be opened to provide the mentoring services to the young entrepreneurs.

- For an inclusive growth of entrepreneurs, initiatives should be taken at the grass root level if we want to spread the wave entrepreneurship movement in the country. The
panchayats and block level officials should be contacted and be explained about the benefits of taking up entrepreneurship as a career option so that the message get spread to people at large quickly. The officials should be sent for training to get updated knowledge on entrepreneurship.

- The official and administrative procedures must be modified and single-window system must be made effective for getting approvals. Enforcing laws should be included in the single-window scheme act in order to ensure that all clearances are made within the stipulated time.

8.4 CONCLUSION

There is clear indication of a considerable level of latent entrepreneurship and entrepreneurial potential among young people in Orissa. From the observations it was found that younger people are increasingly attracted to and are often even more inclined than older people to the idea of setting up a business.

Youth entrepreneurship development requires a socially conducive atmosphere where entrepreneurial habits and spirit can be inculcated right from the childhood. Therefore, to develop such an environment, integrated policy measures (economic, industrial, educational and technological) to be initiated with the objectives to remove various mismatches like social mismatch, educational training and technology mismatches, banking mismatches, etc. This calls for long term planning under well designed and developed infrastructure. There is a necessity for certain changes in the economic policy. Structure of economic incentives and assistance to the young entrepreneurs should be redesigned to promote local resources including human resources. The spoon feeding business is to be given up and entrepreneurship should be developed through natural process by creating an environment for entrepreneurial developing society.

The way forward for India in general and Orissa in particular, is to channelize the youth energy towards entrepreneurship to address the gigantic problem of underdevelopment which is still prevailing in the country. To sculpture young entrepreneurs is the task ahead for the government and the only time for them to act is now.

8.5 SCOPE FOR FURTHER RESEARCH

The present study on youth entrepreneurship has been conducted covering the urban young entrepreneurs in the twin cities of Orissa, i.e., Bhubaneswar and Cuttack only. Similarly, studies can be made covering other cities or districts of Orissa as well as amongst rural young
entrepreneurs. A comparison between prospects and challenges faced by urban and rural young
entrepreneurs in different districts of Orissa can also be made. Further, research on the
characteristics and constraints of youth-led micro enterprises differentiating micro-producers
from that of micro vendors; studies on the youth enterprise development process; studies on
entrepreneurial training programme provided by various organizations, effect of entrepreneurial
education in developing potential amongst youth in Orissa or cross culture comparison of
attitudes of the youth towards entrepreneurs and entrepreneurship can be made.