

Entrepreneurship Is a Weapon to Eradicate Poverty in India

Ravi Aruna¹, Janamala Krishnam Raju*

Research Scholar¹, Assistant Professor*

Rayalaseema University¹, Adikavi Nannaya University*

arunavenkat123@gmail.com¹, kr.janamala@gmail.com*

Abstract

In India poverty is the main obstacle of development of the economy. Even though the government introduces many schemes, poverty remains as a social and economic obstacle to bringing down the growth of the country. In this paper researcher intends to analyze the entrepreneurship is a tool for uplifting the poor and allied sectors of the economy thereby enhancing the growth of the country. By creating Entrepreneurship interest among poor and unemployed youth is a solution to eliminate poverty in country. It has been recognized and identified as the best solution to poverty and unemployment among the ¹social backward classes. Entrepreneurship itself creates an endless opportunities to capture the market and thus creating the employment in the country. In recent times the central government introduces many schemes to eliminate poverty and supports self-employment programs like IRDP, MGNREG Act, Pradhan Manthri Kaushal Vikas Yojana, Sampoorna Grameen Rozgar Yojana, Swarnajayanti Gram Swarozgar Yojana, National Career Service (India) and Standup India. Descriptive statistics and the chi – square test were employed in analyzing the extent of involvement and whether there is a statistically significant difference across different variables.

Keywords: Poverty, Economic Development, Entrepreneurship and self-employment

1. Introduction

Poverty is a social-economic phenomenon in which a section of society is unable to fulfill even its basic necessities of life. The minimum needs are food, clothing, housing, education and other basic minimum human needs. Humanity faces pains and miseries if it does not attain a subsistence level of such needs. It is generally agreed in this country that only they who fail to reach a certain minimum consumption standard should be regards as poor. “No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable” (Adam Smith, 1776). Poverty is about denial of opportunities and fulfillment of human potential. Poverty and inequality are closely related, and inequality appears to have been on the rise worldwide in recent decades at both national and international levels. More than 80 percent of the world’s population lives in countries where income differentials are widening. The poorest 40 percent of the world’s population account for only 5 percent of global income. On the other hand, the

richest 20 percent account for 75 percent of world income, according to the United Nations Development Programme. Poverty is the principal cause of hunger and under nourishment. According to most recent estimates of the Food & Agriculture Organization of the United Nations (FAO, 2009), the number of hungry people world wide has reached 963 million, or roughly 15 percent of the estimated world population. This represents an increase of 142 million over the figure for 1990-92. Poverty essentially consists of two elements, narrowly-defined “income” poverty and a broader concept of “human” poverty. Income poverty is defined as the lack of necessities for minimum material wellbeing determined by the national poverty line. Human poverty means the denial of choices and opportunities for a tolerable life in all economic and social aspects recognizing the problem, the Millennium Development Goals of the United Nations also contain a commitment to halve the proportion of the world’s population living in extreme poverty by 2015. Poverty is widespread in India, with the nation estimated to have a third of the world's poor. The World Bank (2005) estimated that 41.6 percent of the total Indian population lived under the international poverty line of US \$1.25 per day (PPP), reduced from 60 percent in 1981. Poverty eradication has been one of the major objectives of planned development in India.

According to the criterion of household consumer expenditure used by the Planning Commission of India, 27.5 percent of the population was living below the poverty line in 2004–2005, down from 51.3 percent in 1977–1978, and 36% in 1993-1994 (Economic Survey 2009-10). The overwhelming fact about poverty in the country is its rural nature. Major determinants of poverty are lack of income and purchasing power attributable to lack of productive employment and considerable underemployment, inadequacy of infrastructure, affecting the quality of life and employability, etc. It means to understand the definition of poverty; one should have knowledge of poverty line.

The purpose of this study is determined and analyzes the effect of entrepreneurship on poverty eradication.

2. Review of Literature

Suryana (2003) explains that the object of study of entrepreneurship is the ability to formulate the purpose of life, to motivate myself to try, initiated the formation of capital and accustoms you to learn from experience.

Suryana opinion reflects that entrepreneurship is linked with poverty alleviation due to being a successful entrepreneur requires the ability to motivate yourself to strive to give birth to a strong will resolve. Based on these opinions, it can be said

that entrepreneurship has a close connection with the alleviation of poverty in this case can be influenced.

Ludovick in his research entitled "Alleviating Poverty through Innovation and Entrepreneurship (I and E)" found that entrepreneurial reduce poverty significantly. Poverty fell by a much larger scale when interacting with entrepreneurial innovation. This study used data from 58 different countries.

Lester C. Thurow (1999) in his book Wealth building that explicitly says "no institutional substitutes for individual entrepreneurial agents. The winners entrepreneurs become wealthy and powerful, but without entrepreneurship to be poor and weak. The role of entrepreneurship and entrepreneurial culture in economic and social development is often underestimated. After years of increasingly clear that entrepreneurship does contribute to economic development.

Ali Yasin (2013) in his research entitled "Entrepreneurship Development and Poverty Reduction: Empirical Survey from Somalia" found that there was a weak positive correlation between entrepreneurship development with poverty reduction. This study research design correlation of 80 small entrepreneurs in the region.

Bonadir Somalia. Adofu (2013) in his research entitled "Alleviating Poverty through the Use of Entrepreneurship Skill Aquisition in Kogi State, Nigeria" shows that 65% of respondents said that a lack of entrepreneurial skills among youth is closely related to the high level of poverty in Nigeria. These results indicate also that at least 60% of the population have entrepreneurial skills training may be trying to meet their basic needs. Therefore, the study recommends that for most people who follow entrepreneurial training programs to meet their basic needs, then the government should consider the program into poverty alleviation programs.

In connection with the problem of poverty, unemployment, economic growth and the role of entrepreneurship, Raheem Olasupo in his research entitled "Poverty, Unemployment and Growth in Nigeria: The Role of Entrepreneurship" found that entrepreneurial activity can absorb the unemployed labor force. The study also found that the optimal positive role of entrepreneurship cannot be realized because of problems associated with lack of credit facilities and low support from various parties continuing to entrepreneurship.

3. Objectives of the Study

The main objective of the study

- To find the association between entrepreneurship and poverty in India

Hypothesis of the study:

H₀: There is no association between entrepreneurship and poverty alleviation

H₁: There is an association between entrepreneurship and poverty alleviation

4. Data Analysis

The researcher used chi – square test to analyses the association between variables.

S No	variable	Frequency	Percentage
1	Years of experience in business		
	0 - 5 years	76	46.06
	6 - 10 years	43	26.06
	11 - 20 years	32	19.39
	21 - 30 years	14	8.48
2	preferred salary / paid job		
	No	62	37.58
	Yes	103	62.42
3	Factors influencing respondents to be self-employed / entrepreneur		
	Lack of job opportunity	74	44.85
	to be self employed	65	39.39
	To add to income	26	15.76
4	What factors made it easy to start?		
	Educational back ground	32	19.39
	Environmental condition	46	27.88
	Joblessness	21	12.73
	Personal Interest	66	40.00
5	Which entrepreneurship activities are you involve in?		
	Furniture Making	32	19.39
	Shoe Making	43	26.06
	Welder	21	12.73
	Others	69	41.82
6	Income realized on entrepreneurship business		
	<100000	24	14.55
	100000 - 1000000	96	58.18
	1000000 - 2500000	22	13.33
	> 2500000	23	13.94

Table 1: Entrepreneurship information of the respondents

Source: Field Survey

Interpretation:

From the above table it is inferred that entrepreneurship is driven by personal interest (40.00%) and majority of the firms time period in between 0 – 5 years (46.06%). There are 58.18% of the firms reporting income from their business around 100000 – 1000000. The basic factor influencing entrepreneurship is the lack of job opportunity (44.85%).

Table 2: Poverty alleviation information of the respondents

S No	variable	Frequency	Percentage
1	Do you think that entrepreneurship can alleviate poverty		
	No	76	46.06
	Yes	89	53.94
2	How can be poverty be alleviated?		
	Training	23	13.94
	Enabling Environment	21	12.73
	Infrastructural development	23	13.94
	Education	21	12.73
	Tax reduction / Tax Holiday	18	10.91
	Job Creation	59	35.75

Source: Field Survey

Interpretation:

The study reveals that entrepreneurship can eradicate the poverty is 53.94% and from the different measures the respondents opt their priority is to create the job opportunities to alleviate the poverty. through training and infrastructure development also can alleviate the poverty (13.94%).

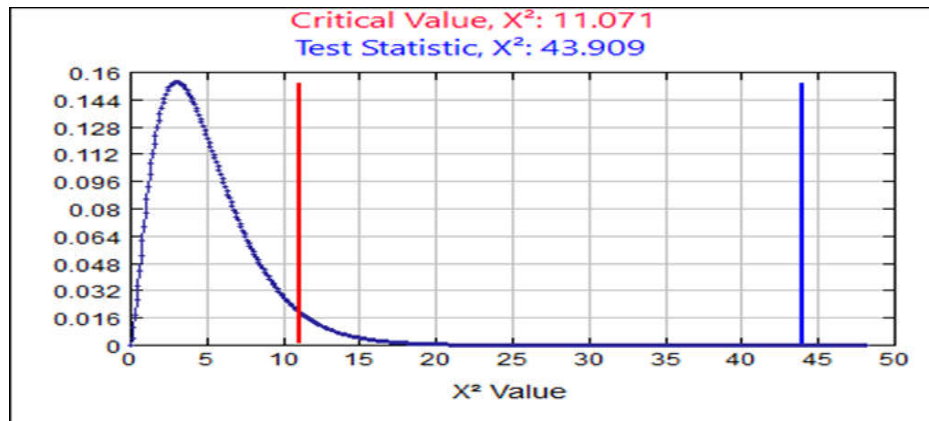
Table No 3: Chi – Square Test

No of Variables	6
Degrees of Freedom	5
Test Statistic Value	43.90
Critical Value	11.07
P – Value	0.0000

Interpretation:

The calculated Chi Square value falls in the rejection region, so we reject the null hypothesis and conclude that there is a relationship between entrepreneurship and poverty. It means if entrepreneurial activities improved poverty will reduce.

The graph is shown below:



Conclusion:

The result from this study concluded that there is significant relationship between entrepreneurship and poverty alleviation. Having discovered the positive relationship between entrepreneurship and poverty alleviation, it is however recommended that Government at all levels should improve on the level of awareness of the benefit of entrepreneurship to individual households as it relates to poverty alleviation. More so, there is a need for government to create enabling environment with particular reference to strengthening the areas of infrastructural developments and tax holiday to the small and medium scale entrepreneurs in the study area and the state in general. explains that the object of study of entrepreneurship is the ability to formulate the purpose of life, to motivate myself to try, initiated the formation of capital and accustoms you to learn from experience.

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