

# IMPORTANCE OF NEW STARTUPS IN COUNTRIES FINANCIAL GROWTH

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*Abstract- This study looked at the function of young entrepreneurship as a link in the nation's economic development. The study also examined how small and medium-sized businesses (SMEs) might provide employment possibilities. To get through the recession, India relies primarily on agricultural income rather than income from the rainy season. The author is interested in learning what role entrepreneurship can play in getting the country out of the economic downturn and sustaining self-sufficient economic growth for the nation because of their desire for other sources of income. According to the study, entrepreneurship may be a key driver of economic growth that will help the nation emerge from its current economic crisis. While promoting the growth of innovative ideas, entrepreneurship can enhance production, diversify the economy's revenue sources, and create jobs.*

**KEY WORDS:** *Young entrepreneur, Employment, Innovation and Capitalist.*

## 1. INTRODUCTION

The French word "entreprendre," which means to undertake, is the root of the English word "entrepreneur." This term described those who joined forces and established their own businesses. A relatively recent concept, an entrepreneur is a creative problem-solver and a risk-taker [1]. In the modern world, there are several organisations and institutes dedicated to promoting entrepreneurship. Enrolling in one of these programmes is the first step towards becoming a successful entrepreneur. Administrative institutes are putting into practise the acknowledged entrepreneurship programme to supply traditional managers and business managers in order to meet the growing need of industries.

## 2. REVIEW OF LITERATURE

Dr. Gauravkhanna (2015) [1] states the significance of young self-employment and its impact on developing nations. The importance of encouraging entrepreneurship is also demonstrated by the rising prevalence of self-employment and job creation globally. Production and employment connections, including the subcontracting of production to small businesses, have become more flexible and informal. This is mostly a reaction to the rise of information technology and global competition. The researcher comes to the final conclusion that the essay emphasises encouraging young entrepreneurs in developing nations and generates employment chances.

Neeta Baporikar et al (2014) [3] This article shows that young entrepreneurs are valued for contributing to regional progress and wealth. The government is quite concerned about youth entrepreneurship, which has drawn the attention of academic researchers. The rise in the number of young people without jobs is the primary cause of this topic's

expanding attention. Early 2000 education results and the start of the financial crisis are linked. The financial crisis begins in 2008. The results are both inefficient and unfair. The straightforward goal of this study work is to comprehend youth entrepreneurship and its function with a concentration on the Indian scenario.

Zuzana Papulova (2015) This essay discusses entrepreneurship, focusing on how young individuals studying business and management at universities approach the topic and make decisions on whether to launch their own business. These factors are general and related to the overall situation in the economy, business requirements and prerequisites for company success. Young people are being taught business and entrepreneurship skills by teachers who are inspired to do so. Our study's primary goal was to identify the present students who were interested in business, particularly their perspective on how to conduct business. The group of students from faculties dealing with the growth of the two disciplines of study is the last group the researcher is finalizing [4].

## 3. THE RELATIONSHIP BETWEEN ENTREPRENEURSHIP AND ECONOMIC GROWTH

In an effort to comprehend how entrepreneurship contributes to economic expansion, the researcher may have come to the conclusion that it has positive effects. Entrepreneurship and economic development are said to be inextricably linked, according to the Indian government. Having been often cited as a means of creating jobs, entrepreneurship has been emphasised as having a substantial impact on the growth of a particular economy. In terms of innovation, taking risks, and capitalists, the entrepreneur enjoys favourable relationships. Indeed, since the earliest writings of historical authors like Schumpeter, the relationship between business entrepreneurship and economic progress has been more solid and favourable. Economic growth increases as the number of new business owners rises. These possibilities may arise as a result of efficiency improvements, in which case their connection to economic growth is obvious. (2010) 568 (Carree & Thurik). Although there are many various opinions and discussions on the relationship between entrepreneurship and economic development, it is important to realise that entrepreneurship stimulates economic growth by fusing creative ideas with already-available resources. By enhancing the commercialization of inventions, rich people, new industries, and employment are created. The entrepreneur serves a dual role in fostering market competition and innovating new products to boost economic growth. The concept of entrepreneurship is multifaceted and mostly ill-defined, according to Carree and Thurik. Due to the types of

intermediary factors and relationships that are present, a structure will be needed in order to comprehend the role of entrepreneurship in the process of economic growth. The best examples of these auxiliary factors are invention, Competition is primarily described by business entry and exit, a variety of supply, and the energy and effort put out by entrepreneurs. (Carree & Thurik 2010, 570.) In order to reveal two sets of results, Naudé used three crucial databases that describe the entrepreneurial activity of nations: when entrepreneurship is compared to a nation's GDP per capita, there appears to be a U-shaped link between the two. (Naudé 2013, 7-8.) According to the U-shaped relationship, low-income countries exhibit more entrepreneurship than middle-income nations. This conclusion may indicate that entrepreneurship in developing nations is less inventive and more driven by necessity. Therefore, higher GDP levels may correlate with more creative forms of entrepreneurship. Alternatively, the causality may also go in the other direction, from development to entrepreneurship, as opposed to going from entrepreneurship to development.

Since not all entrepreneurs are inventive, one might draw the conclusion that not all entrepreneurs drive development. Instead, it is entrepreneurship's capacity for innovation that has the greatest impact on development. (Naudé 2013, 10.)

#### 4. STATEMENT OF THE PROBLEM

The relationship between entrepreneurship and economic growth is what drives the fastest-growing economies in the world. The case of the Indian economy still requires evaluation. Notably, at a time when the nation is looking for other sources of economic revenue to recover from a recession. In the first and second quarters of 2019, the GDP of the nation showed negative growth of 1.9 percent and 2.09 percent, respectively. According to analysis, the primary cause of this economic crisis was the country's reliance on agriculture for money, thus when the global price decreased, it had an impact on the nation's income. These claims raise the query, what? the contributions and challenges of Entrepreneurship-focused business startups are and can lead to economic growth in the country. In light of this, the main goal of this study is to investigate the function of entrepreneurship as a catalyst for economic growth via the creation of jobs, the addition of value, rising gross domestic products, increased export activity, etc.

#### 5. DATA ANALYSIS

The presentation and interpretation of the researcher's findings are the main topics of this chapter. Basic descriptive statistics and table representations are used to analyse the data.

##### Identification of respondents

A random sample of 60 responders from students in arts colleges in the Madurai District was collected by the researcher. Table 1 displays the sociodemographic characteristics and level of education of the respondents.

The population demographics in the aforementioned table no. 1 are those that are thought to have a limited influence on how they respond. In comparison to their female counterparts, who made up just 26.7% of respondents, men made up a greater percentage of respondents (73.3%). But responses in general are between the ages of 21 and 40. Furthermore, it was discovered that a sizable number of the respondents were single, with just 23.3% of them being married, 10.0% divorced, and 6.7% of the cohort being widows.

Similar to that, the table highlighted the respondents' standing according to their educational level. It demonstrates that the majority, or no less than 56.7 percent, are bachelor's degree holders, with 23.8 percent of the other cohort having only a diploma as their highest level of education. While 13.3% of respondents have a master's or doctoral degree, the remaining respondents, who make up a smaller share of total respondents, are high school graduates (o' level).

##### Impacts of entrepreneurship on economic development in India

To collect various viewpoints on the subject that is related to the statement in TABLE 2, questions were created to analyse the effects of entrepreneurship on the Indian economy. The following survey asks respondents to express their respect view on whether entrepreneurship actually lowers unemployment. The ensuing are their comments.

13.33 percent is unbiased. The majority of people concur that giving entrepreneurs job opportunities is the highest percentage.

#### 6. CONCLUSION

The analysis's conclusion after looking at the respondents' survey data. key responders overwhelmingly concurred that entrepreneurship always plays a key role in economic progress. Particularly during the economic crisis, as it promotes job development, lowers unemployment, alleviates poverty, and creates new job prospects. As a result, it is essential that the government and other organisations support entrepreneur endeavours and encourage young people to start their own firms.

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