



# 1 The Policy Process for Enterprise Development in India

## 1.0 Introduction

The development of enterprise and entrepreneurship are crucial for any emerging economy. Beyond its importance in a context of economic development, it is a labour market issue having social dimensions as well (ILO, 2016). Moreover, it is the challenge and the responsibility of all progressive governments to intervene in the labour market and to attempt at full employment. In a globalising world, the opportunities of regular wage employment are rapidly coming down, and therefore, the entrepreneurship route to full employment has become critical in the development agenda in most countries, including India. Kerala, being the most globalised among the Indian States, has a challenge and opportunity of exploring the potential and shaping strategies on the entrepreneurship route, in order to maintain the so called 'Kerala Model of Development' sustainable.

## 2.0. Monitoring Change: Its Relevance

While ensuring full employment is an economic issue, in a democracy, it is as well an issue having political dimensions. Therefore, a consideration of both the economics and politics of employment is critical for Kerala in its march towards accelerated growth and for enhancing the welfare of its people.

As a labour market issue, there are two public policy options relating to employment :

1. Ensuring wage employment for the additions to the labour market, to the extent possible; and
2. To ensure the base of self-employment through accelerated intervention for entrepreneurship creation.

The key task of labour market on enterprise development is to promote self-employment. Promotion of self-employment is a strategy with different variants:

- a. Working with the business communities, assuring that these business communities will contribute to enhancing the entrepreneurship base of the country.
- b. To promote self-employment and entrepreneurship through scientifically structured Entrepreneurship Development Program (EDP) interventions through various measures, such as, support to entrepreneurship development institutions, training of trainees (TOT) programmes, and the so-called growth programmes for existing entrepreneurs.

The net result of labour market interventions by the state, at any particular point of time is to contribute to the overall position of employment in the economy. But this is, by no means, an exclusive duty of the state itself. The process of enterprise creation is the net result of the acts of various stakeholders, including entrepreneurs, financial institutions, and promotional agencies.

In the ultimate analysis, one need to understand, both from the point of view of policy and strategies, the changes in the business demography over a period of time. In fact, a picture of the business demography, and changes in it over time, explains the result of public policy initiatives, in terms of additions to the existing stock of enterprises, deletions from it, and the longevity of the existing stock.

In shaping a development policy for the country or a region, monitoring change is crucial. Development policy has its impact on changes in the enterprise

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