CHAPTER - 1

INTRODUCTION

1.0 Introduction:

The present study is about the process of development of entrepreneurship and industrialization in Western Maharashtra in India under the British rule. It mainly focuses on the industrial development of the region in the later part of the British rule.

The study is in the field of economic history. It also concentrates in the survey of business history and the theory of entrepreneurship and tries to analyze the factors influencing the entrepreneurial development in the chosen period in the chosen region.

1.1 About Economic History:

It would be appropriate to state the nature and importance of the branch of study of economic history to enable to form a foundation for the further analysis.

Economic history is a branch of study which is a combination of economics and history, the two important social sciences. The branch mainly focuses on the economic life of the people in the chosen area in the chosen period. In fact, economic history seems to be wider than the economic life of any area at a particular point of time. Some thinkers have gone to such an extreme in analyzing the relationship between history and economics that they consider economics as a historical science and economic history as a convex combination of two coasts of the sea. It could be understood that economic history is a child of parent subject economics and economics is more like a peculiar variant of social history.
The branch of study in economic history was developed and originated in Germany in the 17\textsuperscript{th} century. The early works in economic history were more chronological or thematic collections of information. But, in the last few decades, efforts have been made to deem economic history as a scientific discipline. Sir John Clapman marks the beginning of the modern, methodological approach. The 1993 Nobel Prize in economics went to North and Fogel - the economic historians. This seems to have attracted the attention of the masses towards the usefulness of the study in economic history. [1]

The study of history was on the rise throughout the 19\textsuperscript{th} century even while the abstract economic theory of David Ricardo was developed. Due to the popularity of economic history, Ricardo’s doctrines were attacked by his contemporaries for their lack of historical content and understanding. [2]

A hypothesis in economics in the context of long time perspectives and in continuing research processes is known as the historical method or a study in economic history. The historical method to any research field is interrogative in nature and tries to seek the answer of the questions ‘why’ and ‘how’. Though, it is based on chronological events and facts, it is not the main focus of such a study including the present one.

The core of the subject of economics history could be seen as that the student of economic history should be more concerned with identifying the common qualities of apparently disparate situations than with the uniqueness, concreteness or particularity of historical events. The approach of identifying the uniformities of particular situations is adopted to acquire the ‘feel’ for a period concerned.

The central theme of the study in economic history is the ‘causal order’ of the various chronological events to prove the pre-determined goals. It takes into account along with economic, social, political and
cultural aspects of history and regards society as a whole, rather than narration of events dealing with any particular aspect. It could be understood that the practical understanding of the present would require knowledge of the past.

According to the thinkers, an economic historian should be an observer and re-creator of the codes, loyalties and organizations that men create and which are just as real to them as physical conditions. [3]

Study in history and using historical methods in social sciences has undergone many changes with its approaches. The new approach reflects that no event in society can take place without social background and that every event in society can be studied with that background.

Thus, the social forces play a big role in modern historical analysis. The old approach was more of political nature. Of course, it could be agreed that all social problems cannot be studied with the historical approach. But, historical survey and analysis can help in knowing how a social institution developed in the past and how it struggled and survived through different social conditions. [4]

1.1 A] Interrelationship between Economics and Economic History

There seems to be a clear and productive division of labour between the economist and economic historian. The economist is concerned with making of testing models of the economic world as it now is or as we think it is. It is expected from the economic historian that he can ask whether this or that story to which he refers in his study rings true when applied in earlier times or other places and if not, why not. Hence, he would need tools provided by the economist but, would need in addition the ‘ability to imagine’ how things might have been before they became as they now are.

In turn, it could be observed that the economic historian can offer the economist, a sense of the variety and flexibility of social
arrangements and in particular, a shot at understanding a little better the interaction of economic behaviour and other social institutions.

Thus, it could be concluded that economic history is necessary but not sufficient condition for making of an economist. Economic historian can play an active role in helping the theorist elaborate and dynamize his models to render them more relevant to great problems in economic history. [5]

In short, the past with the present could be tied to know the evolution as the economic historian uses a rearview mirror to find out the conditions in the distant past to proceed in future. [6]

1.2 Methodology:

The present study uses the methodology of analyzing the secondary data from various sources and tries to find the conclusions on the basis of the available data and information.

The sources include the literature in economic history and theory of entrepreneurship and also the biographies and autobiographies of the leading industrialists in the chosen time. It also makes the use of the reputed journals and articles in the newspapers for supporting the available data. The reports, advertisements, souvenirs published by the prominent business houses are also analyzed as per the requirement of the study.

The old names of the cities such as Bombay [Mumbai], Calcutta [Kolkata], Madras [Chennai] etc. have been retained to interrelate to the period of the study.

1.3 Study Area:

The present study concentrates on the area of Western Maharashtra, i.e. mainly the districts of Pune, Satara, Sangli, Solapur, Kolhapur, Bombay and Konkan region in the present state of Maharashtra. The geographical map could be referred in this regard.
Location Map of the Study Area:

INDIA BEFORE INDEPENDANCE

WESTERN MAHARASHTRA BEFORE INDEPENDANCE

Map No. 1.1
Maharashtra came into existence in 1960. Previously, during the British days the area of study was under the administration of Bombay Presidency which included the area of Western Maharashtra, North Karnataka, part of Gujarat and also the north-west part of India which is presently in Pakistan. The study mainly concentrates on the area of Western Maharashtra of then Bombay Presidency.

1.4 Scope of the Study:

The present study majorly deals with the period from 1850 to Independence in 1947. The reason for considering the period of British rule starting from 1850 could be stated as that though, British rule was established in east India since 1757 with the Battle of Plassy, the western India could remain independent from foreign rule till 1818 when the Peshwas were defeated by British in Pune. As the study focuses on the area of Western Maharashtra, it would mainly take into account the period of the 19th century. Moreover, the rise of modern industries in Western Maharashtra and also in the country as a whole was witnessed during the mid 1850s in Bombay. Hence, the choice of the period for the present study was made since 1850 to end obviously in 1947 with the Independence from British rule.

1.5 Hypothesis:

The study attempts to test the following hypotheses:

1] The course of economic development and especially industrial development depends upon the positive contributions made by the entrepreneurs in the region.

2] The origin and growth of entrepreneurship is the function of a large number of factors, such as social, cultural, educational environment, political and economic stability and other circumstances.
1.6 Objectives of the Study:

The study aims at the following objectives-
1] To study and analyze the important milestones in the economic history of Western Maharashtra during British Rule. [1850 to 1947].
2] To trace the development of the theory of entrepreneurship.
3] To identify the factors which germinate and develop the concept of entrepreneurship, especially in the context of the economic development in Western Maharashtra.

1.7 Justification for the Study:

It was noticed that when India achieved Independence in 1947, the economy was no doubt, backward, predominantly agricultural and characterized by massive poverty. But, at the same time it could not be overlooked that there were important developments in Indian business and industries, especially a notable growth of modern industries under Indian entrepreneurship was existed. This indicates that even in the adverse political and economic conditions, the spirit of entrepreneurship and business did not die.

This also proves that the tremendous growth and development of Indian industrial sector after Independence is not an abnormal and novel event, but it is a coherent and continuous process of achievement of which the origin lies in the British rule. Moreover, it should be noted that the region of Western Maharashtra at present, then the part of Bombay Presidency pioneered the modern industrial sector in the country. This makes the region important from the viewpoint of business history.

It was also noticed that a very few efforts have been made to stress on the process of the evolution of Indian entrepreneurship in a systematic manner. Moreover, it was found that a critical, objective unbiased method for analyzing the data about entrepreneurial development in British rule was hardly used in the available studies. The biographies and
autobiographies of the prominent industrialists are not exceptions to this. These are either too personal and use the subjective approach of glorifying the corporate performance of the concerned entrepreneur overlooking the fact that various factors might have contributed either positively or negatively for his entrepreneurial achievement.

Hence, an objective, neutral and comprehensive study of the process of the growth and development of the entrepreneurship in the region was thought to be a significant dimension in the field of Indian business history. The present study has been undertaken with the above-mentioned viewpoints and objectives.

1.8 Importance of the Study:

The importance of the present study lies in its relevance to the current economic conditions of the economy and also it would provide a rare historical account and data, which might prove useful for further such research studies in future.

The study seems to be an important one in many ways. It will provide a base on which many more analytical works with the objective approach in business history could be undertaken. It is also thought that the study would give a feeling of pride for the Indian people to realize the pioneering efforts through the process of evolution of entrepreneurship among the early business developments. Obviously, this would help to wipe out the sense of inferiority, if any.

The study would also prove useful in identifying the drawbacks and loopholes of Indian socio-economic system due to which a slow industrial growth was experienced in the pre-Independence era. It also throws light on the positive features of the society.

Moreover, though the study is undertaken in the field of economics, it has tried to maintain an inter-disciplinary approach, which would prove useful for the students and researchers of the other subjects
in social sciences such as psychology, sociology, anthropology, history, business management etc.

Lastly, it could be stated that the study may inspire the budding entrepreneurs to start their own ventures while making them aware of the difficulties faced by their forerunners in the field and would perhaps enable them to face the hurdles in the business in future.

1.9 Limitations of the Study:

The present study does not claim of to be a perfect and complete study in the subject of business history. It certainly has its obvious limitations.

As is stated earlier, the study is mainly based on the review and analysis of the historical data for which many times no coherent and homogenous records are available. Majority of the database built up from diverse sources does not find the cross references to verify and corroborate the facts. Moreover, it was found that such references are sometimes biased and are glorified descriptions of the contribution of the industrialist concerned. The study had to frog leap and overcome such references, which did not prove helpful for the objective approach of the study.

It may be repeated here that the present study is not a chapter in economic history of the region during the chosen period. It shall only try to assimilate the origin and onward development of the entrepreneurship in the light of the birth, growth and development of a few industrial houses/ventures/activities in the region. The present study, it is humbly believed shall prove to be useful in attempting a comprehensive historical analysis covering a wider range of issues and aspects.

1.10 Chapter - Scheme of the Study:

The study is presented in the following chapter scheme-

Chapter One- Introduction.
Chapter Two - Economic History of Western Maharashtra
[Since the 17th century to the First Half of the 20th century].

Chapter Three - Theory of Entrepreneurship.

Chapter Four - Data Collection and Analysis about Growth of the Selected Firms in Western Maharashtra [1850-1947].

Chapter Five - Factors Influencing Development of Entrepreneurship in Western Maharashtra in British Rule [1850-1947].

Chapter Six - Summary and Conclusions.

References


