CHAPTER -1

ENTREPRENEURSHIP DEVELOPMENT

1.1 INTRODUCTION

Industries have an important role in the national economy. These industries are particularly suited for the better utilization of local resources & for the achievement of local self-sufficiency in respect of certain types of essential consumer goods. Many nations both developed & developing have recognized the crucial importance of small scale business as a useful source of growth. It's complimentary to large industry which provides new avenues for the employment. If we see in history small industry has played a crucial role. It has flourished in all corners i.e Calcutta, Surat, Mumbai, Chennai & other cities. With the passage of time these industries saw new policies aiming at globalization, delicensation, marketization etc. so as to develop & grow with the Indian economy & be a part of the world economy not in isolation. With the prestige of the small scale business has increased.

The developing countries in later 19th century could grasp the essentiality of small entrepreneurs for generating economic development. Japan attached considerable importance to small business & formulated policies in its development at an early stage. In India the small scale industries during the last 50 years has made phenomenal progress in diverse activities. It is contributing most to the Indian economy in the form of employment, contribution to national domestic product, foreign exchange earnings etc. More than 5.8 million small businesses contribute billions of dollars every year to the U.S economy. These small companies employ more workers than all of the country's large corporations combined.

Small businesses are found in every sector of the economy. If we see the success stories of Entrepreneurs the Big companies like Apple, Microsoft, Intel all started as small businesses. Small companies can be more creative & take more risks than large companies. These innovations lead to technological advancements & increase the efficiency & productivity. Many experts have the opinion that small companies will play an increasingly important role in future in India it seems correct also when we see the economic indicators of SSI in India.
The Small industrial sector has emerged as one of the growing sector of the Indian economy. It plays important role in providing large employment opportunities at comparatively lower capital cost than large industries and in all areas mainly covering rural areas so helping in equal distribution of national income and wealth. Skills and knowledge are driving forces of economic growth and social development for any country. Countries with higher levels and better standards of skills adjust more effectively to the challenges and opportunities in domestic and international job markets. The first industrial policy in the country was notified in 1956, Science and Technology policy in 1958, Housing Policy in 1988 and National Labour Policy in 1966. The first National Policy on Skill Development was notified in 2009. As an entrepreneur is a person who takes the risk to start his commercial undertaking. He combines the factors of production with the resources required to exploit a business opportunity. Hence he is the manager and has a overall control on the enterprise. Entrepreneurship is the process by which an individual or group identify a business opportunity and acquire the necessary resources required for its exploitation without being immediately constrained by the challenges at their exposure. If we go to history as per entrepreneurship is concerned in different countries. Liberalization, privatization and globalization opted by our country since 1991, has made the Indian economy as one of the fastest growing economies in the world. Brazil, Russia, India, China and South Africa, mentioned as BRICS nations have been on the forefront during the last decade. According to world bank report in 2014, India may become the 2nd largest economy by 2050. The potential of India is recognized even by the USA, due to very big consumer market. Indian entrepreneurs are considered as risk takers. During the last three decades, a lot of first generation entrepreneurs have emerged in India and they have played a pivotal role in the economic development of the country. Economic development is not possible without effective entrepreneurship and thus a Entrepreneur is an major component for Economic Growth. The entrepreneurs with their ability to scan, analyze and identify opportunities in the environment transform them into business proposition through creation of economic entities. They by channelizing the resources from less productive to move productive use create wealth.
Through efficient and effective utilization of national resources, they act as catalysts for economic development and agents of social transformation and change. Entrepreneurship involves a fusion of capital, technology and human talent. Entrepreneurship is equally applicable to big and small businesses, to economic and non-economic activities.

Successful entrepreneurs have the ability to lead a business in a positive direction by proper planning, to adjust according to the environment & has a vision about the changing environment, to analyse it & to change according to the need of the hour. Many small businesses after some time grew as a successful enterprises. To adjust according to the requirement is one of the main secrets behind success.

The small-scale sector has particularly emerged as a vibrant and dynamic segment of the economy. It is a matter of great importance and pride that India has distinct leading position of its own amongst the developing economies particularly in the sphere of small scale sector. Our country occupies third position in the world as far as technical manpower is concerned.

Small scale industrial sector received specific focus towards growth and development in the industrial policy measures.

Overall Performance of SSI Sector:

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Units (in lakh)</th>
<th>Products on At current Prices (Rs. crores)</th>
<th>Employment (lakh, nos)</th>
<th>Export (at current Prices) (Rs. crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001-02</td>
<td>105.21</td>
<td>2,82,270</td>
<td>249.09</td>
<td>71,244</td>
</tr>
<tr>
<td>2002-03</td>
<td>110.10</td>
<td>311,993</td>
<td>261.38</td>
<td>86.013</td>
</tr>
<tr>
<td>2003-04</td>
<td>115.22</td>
<td>3,48,059</td>
<td>273.97</td>
<td>NA</td>
</tr>
</tbody>
</table>
The small scale industries have shown tremendous growth in their number, production, employment and exports. The total number of small scale units has increased from 105.21 lakhs in 2001-02 to 115.22 Lakhs in 2003-04.

The above table clearly depicts that there is some percentage of increase compare to previous years. Similarly the value of Production of Small Scale units has gone up from Rs. 2, 82,270 crores in 2001-02 to Rs. 2, 48,059 crores in 2003-04.

The country has a big challenge ahead as it is estimated that only 4.69% of the total workforce in India has undergone formal skill training as compared to 68% in UK, 75% in Germany, 52% in USA, 80% in Japan and 96% in South Korea. While the debate on the exact quantum of the challenge continues, there is no disputing the fact that it is indeed a challenge of 5 formidable proportion.

On demand side, a skill gap study has been conducted by NSDC over 2010-2014, which indicates that there is an additional net incremental requirement of 109.73 million skilled manpower by 2022 in twenty four key sectors.

On supply side, It is observed that today the total workforce in the country is estimated at 487 million, of which approximately 57% is in the non-farm sector. If the workforce with higher education without formal skill training are excluded, the balance workforce is estimated to be 450.4 million. Of these 256.72 million non-farm workers, a maximum of 5.4% would be formally trained and skilled (3.61% is based on 2011-12 NSSO survey and includes both farm & nonfarm).

Approximately 241.86 million would either be unskilled or skilled through non formal channels. Out of these, it is estimated that approximately 170 million would be in the age group 15-45 years. This workforce will need to be mapped through recognition of existing skills and then provided with necessary skilling, re-skilling and up-skilling to increase productivity and provide a livelihood pathway. Similarly, in farm sector, this figure works out to be 128.25 million

In addition, the number of people who enter the work force age group every year is estimated to be 26.14 million. Assuming an average labour participation rate of 90% (male) and 30%(female), at least 16.16 million persons will enter workforce and they all, except those opting for higher education, need to acquire skills. This will add another 104.62
million persons to be skilled in the next 7 years. Thus, it can be seen that 104.62 million fresh entrants to the workforce over next seven years (by 2022) will need to be skilled. In addition, 298.25 million of existing farm and nonfarm sector workforce will need to be skilled, re-skilled and up-skilled. Thus, appropriate infrastructure needs to be created keeping in view sheer numbers, sectoral division and spatial disbursal not only across the country but possible requirement in other parts of the world.

Most of the vocational training programmes are not aligned to the requirements of the industry. Trainers many a times do not know the basic requirements of the industry & industry also creates a communication gap with the training agencies.

Entrepreneurship/Skill development programmes of the Central Government over the years have been spread across more than 20 Ministries/Departments without any robust coordination and monitoring mechanism to ensure convergence. The scenario is no different in most of the states except the few states which have moved towards functional convergence by creating State Missions. This legacy has resulted in multiplicity of norms, procedures, curricula, certifications etc. Further, many of these Entrepreneurship / skill development initiatives often remain unaligned to demand, thus defeating its entire objective.

Different states in India face varied challenges in relation to demographics and skill development. There needs to be a shared sense of urgency to address the challenges of the changing demography. While State Skill Development Missions (SSDMs) have been launched in almost all States, there is an imminent need for capacity building and empowerment of SSDMs in many states in order to upscale quality skill development.

The various grant based, free training programmes available today, though necessary, have their own limitations especially on quality and employability. Students undergoing training for free attach little value to training whereas training providers focus on increasing their numbers rather than quality of training. While financial support is required for certain industry sectors or segments of unorganised sector, it is critical to exercise utmost discretion and link employability with all such efforts.

There is multiplicity in assessment and certification systems existing in the country which leads to inconsistent outcomes and causes confusion to the employers. Further, the process of alignment of courses/qualifications with NSQF has been rather tardy.
The availability of good quality trainers is a major area of concern. There is a lack of focus on development of trainer training programmes and career progression pathways for trainers have also not been defined.

Punjab has set up a skill development mission for unemployed youth in the state. The mission has been formulated in consultation with various stakeholders and would be executed in association with institutions such as Industrial training institutes (ITIs) and polytechnic institutes. "Currently, a lot of things related to skill development are going across different departments. Our objective will be to coordinate with different departments. We will try to speed up things and formulate a strategy to execute a development plan. We may carry demand assessment survey and skill gap study to identify the potential sectors. Taking a step ahead in this direction, we have already registered a skill development mission with an aim to empower the youth with requisite skills in the direction and the first meeting would be held on October 7," Rakesh Verma, principal secretary, Technical Education in Punjab told Business Standard. The state government has allocated over Rs 500 crore for skilling 300,000 youth in its 2014-15 budget. In his budget speech, Finance Minister Parminder Singh Dhindsa said the state government would make efforts towards skilling approximately 300,000 youth at a cost of over Rs 500 crore. The state government would also enter into a partnership with National Skill Development Corporation for implementation of various schemes and initiatives for skill development in the state. The state government, in partnership with corporate houses, has already set up a construction development centre (L&T), driving and automotive skill centre (Tata Motors) in Muktsar and a training centre in retail marketing (Bharti-Walmart) in Amritsar. The state has also signed a Memorandum of Understanding with Tata Sons to improve and upgrade six industrial training institutes. The state government also proposes to set up a multi-skill development centre in partnership with the private sector at Ludhiana, with a training capacity of 10,000 candidates a year. The multi-skill development centre would be set up in accordance with global standards and would be a training-cum-production centre. Besides, the government will strengthen and upgrade the existing skill training infrastructure in the state.

The 1980s and 1990s were a time of reaping the benefits from the hard work of women who worked tirelessly for their rightful place in the workforce as employees and entrepreneurs. Martha Stewart and Vera Bradley were among the twenty-first percent women who owned businesses. The public was also becoming more receptive and
encouraging to these women entrepreneurs, acknowledging the valuable contribution they were making to the economy. The National Association of Women Business Owners helped to push Congress to pass the Women’s Business Ownership Act in 1988, which would end discrimination in lending and also strike down laws that required married women to acquire their husband’s signature for all loans. In addition, the Act also gave women-owned businesses a chance to compete for government contracts.

Another monumental moment for women in business was the appointment of Susan Engeleiter as head of the Small Business Administration in 1989. In the late 1980s and throughout the 1990s, there was more of a focus on networking opportunities in the world of female entrepreneurs. There were many opportunities that came about to help those who were interested in starting up their own businesses. Support groups, organizations for educating the female entrepreneur, and other opportunities like seminars and help with financing came from many different sources, such as the Women’s Business Development Center and Count Me In. Despite all these advances, the female entrepreneurs still fell behind when compared to their male counterparts.

As the 1990s came in, the availability of computers and the increasing popularity of the internet gave a much needed boost to women in business. This technology allowed them to be more prevalent in the business world and showcase their skills to their competitors. Even with the increased popularity of women in business, the availability of technology and the support from different organizations, female entrepreneurs today are still struggling. The economic downturn of 2008 did not serve to help them in their quest. However, with the continual attention given to female entrepreneurs and the educational programs afforded to women who seek to start out with their own business ventures, there is much information and help available. Since 2000, there has been an increase in small and big ventures by women, including one of their biggest obstacles—financing. Women constitute almost half of the demographic dividend. The key challenge here is to increase their participation in the country’s labour force, which is directly linked to economic growth of the country. Census data has revealed that there has been a continuing fall in labour force participation rate of women from 33.3% to 26.5% in rural areas, and from 17.8% to 15.5% in 6 urban areas between 2004 and 2011 Mainstreaming gender roles by skilling women in nontraditional roles and increasing gender sensitivity in the workplace will have a catalytic effect on productivity and be a smart economic decision. Job creation for skilled youth is also a major challenge before the nation. Entrepreneurship based on innovation has immense growth
potential. However, the number of local entrepreneurs emerging every year in India is very low. The Global Innovation Index 2014 ranks India 76 out of 143 countries. Accelerating entrepreneurship especially that based on innovation is crucial for large-scale employment generation in India. The face of entrepreneurship is also changing across the world, entrepreneurs are increasingly young and/or female due to increasing unemployment. The International Labour Organization (ILO) reports that globally, almost 13% of young people (close to 75 million people) are unemployed. This phenomena is particularly evident in regions where wage employment is difficult to obtain. Access to funding remains the primary obstacle for entrepreneurs from all markets. The public and private sector each have an important role to play in creating entrepreneurial ecosystems that, in addition to funding, are essential to promoting entrepreneurial success.

In India, only 0.09 companies were registered for every 1,000 working age person among the lowest rates of G20 countries in 2011. Further, highlighting the diversity of the country, three kinds of entrepreneurial activities exist- Factor driven entrepreneurship, Efficiency driven entrepreneurship and Innovation driven entrepreneurship. GEM Report (2013) indicates that India primarily being a factor-driven economy has the highest proportion of necessity-driven TEA (38.8%) and improvement driven TEA (35.9%). Necessity-driven entrepreneurship, particularly in less developed regions or those experiencing declines in employment, can help an economy benefit from self-employment initiatives. More developed economies, on the other hand, generate entrepreneurial opportunities as a result of their wealth and innovation capacity, yet they also offer more wage employment options to attract those that might otherwise become independent entrepreneurs. If these opportunities for entrepreneurship and innovation are to be captured, it is essential to create an enabling eco-system for entrepreneurship to thrive and in still a mind-set and culture of opportunity & innovation based motives and entrepreneurial incentives.
1.2 ENTREPRENEURSHIP DEVELOPMENT

In the 20th century, entrepreneurship was studied by Joseph Schumpeter in the 1930s and other Austrian economists such as Carl Menger, Ludwig von Mises and Friedrich von Hayek. The term "entrepreneurship" was coined around the 1920s, while the loan from French of the word entrepreneur dates to the 1850s.

According to Schumpeter, an entrepreneur is willing and able to convert a new idea or invention into a successful innovation. Entrepreneurship employs what Schumpeter called "the gale of creative destruction" to replace in whole or in part inferior offerings across markets and industries, simultaneously creating new products and new business models. Thus, creative destruction is largely responsible for long-term economic growth. The idea that entrepreneurship leads to economic growth is an interpretation of the residual in endogenous growth theory and as such continues to be debated in academic economics. An alternate description by Israel Kirzner suggests that the majority of innovations may be incremental improvements such as the replacement of paper with plastic in the construction of a drinking straw that require no special qualities.

For Schumpeter, entrepreneurship resulted in new industries and in new combinations of currently existing inputs. Schumpeter's initial example of this was the combination of a steam engine and then current wagon making technologies to produce the horseless carriage. In this case the innovation, the car, was transformational, but did not require the development of dramatic new technology. It did not immediately replace the horse-drawn carriage, but in time, incremental improvements reduced the cost and improved the technology, leading to the modern auto industry.

Despite Schumpeter's early 20th-century contributions, traditional microeconomic theory did not formally consider the entrepreneur in its theoretical frameworks (instead assuming that resources would find each other through a price system). In this treatment, the entrepreneur was an implied but unspecified actor, consistent with the concept of the entrepreneur being the agent of x-efficiency.

For Schumpeter, the entrepreneur did not bear risk: the capitalist did. Schumpeter believed that the equilibrium ideal was imperfect Schumpeter (1934) demonstrated that changing environment continuously provides new information about the optimum
allocation of resources to enhance profitability some individuals acquire the new
information before others, recombine the resources to gain an entrepreneurial profit. Schumpeter was of the opinion that entrepreneurs shift the Production Possibility Curve to a higher level using innovations.[18]

Initially, economists made the first attempt to study the entrepreneurship concept in depth Richard Cantillon (1680-1734) considered the entrepreneur to be a risk taker who deliberately allocates resources to exploit opportunities in order to maximize the financial return Cantillon emphasized the willingness of the entrepreneur to assume risk and to deal with uncertainty. Thus, he draws attention to the function of the entrepreneur, and distinguishes clearly between the function of the entrepreneur and the owner who provides the money. Alfred Marshall viewed the entrepreneur as a multi-tasking capitalist. He observed that in the equilibrium of a completely competitive market, there was no spot for "entrepreneurs" as an economic activity creator.

1.3 HISTORICAL PERSPECTIVE OF ENTREPRENEUR

The entrepreneur was first detailed by Irish-French economist Richard Cantillon during the eighteenth century in his essay Essai sur la Nature du Commerce en Général. In which he described the entrepreneur as someone who bought at one price and sold at another uncertain price, in doing so managing risk. Cantillon’s essay and lone surviving work, took economic theory away from the domain of the philosopher and religious thinker, offering a counter point to the economics of the merchant trader. His work introduced individual agency during the beginning of the eighteenth century. During the seventh century market forces such as inflation had become more pronounced with the influx of Spanish gold from the New World and the Price Revolution. Individual agency or the ‘entrepreneur’ sat between poles, in a century in which entire populations began to be defined by the mechanistic processes of the first Industrial Revolution and the ideals of the French Revolution.

Cantillon’s counterpoint or nemesis was the gambling banker John Law, a man said by some to have a claim toward being the father of modern centralized banking. Law killed a man in a duel and was sentenced to death in England, the Scot fled into exile and
travelled extensively for nearly twenty years until he was pardoned by George the 1st. During his travels Law attempted to create a central bank of France, mirroring in some respects the creation of a central English bank in 1694. Law began his General Bank of France during 1716, after many years of struggling to influence the French monarchy. His bank was to be a bank dominated by one man more so than any other legitimate bank in history.

Law believed he could repair a French economy which was defaulting on its loans. His bank issued notes which could be converted into corresponding amounts of gold. A wide circulation of notes was established within the first year of operation, as time went on people in French provinces far from the capitol were using his currency. Law built on his early success and began to hold titles of favour with the French monarchy. As Law built upon his successes he become part of the ‘Mississippi Bubble’ a speculative bubble and investor frenzy, a bubble which would lead to market collapse both in the French and some international markets. The General Bank of France acquired the exclusive rights to develop French territories in North America. The bank soon had a monopoly over the tobacco and slave industries through Law’s creation of a second business the ‘Company of the West’. Within a few short years Law had completely cornered all of France’s colonial trade, taken over the collection of taxes and the minting of new French monies. The situation from the benefit of hindsight was a hair trigger away from collapse.

Having gained control of both France’s trade and finances, Law stood to benefit from the profit of his companies and the speculative investment of the French people. Demand for his companies’ shares was so large that the price quickly ran ahead of any relation to earnings. Law merged his two companies and began a plan to repair deficits France had incurred during the reign of Louis XIV. This involved selling shares in the company to the public in return for state issued public securities. Shares in the Company of the West became widely popular both in France and across Europe. The French government began printing more money, the state’s creditors accepted the new money as legal tender since it too could be used to purchase shares in Law’s company. Of course inflation was rampant by this point and both the value of print monies and public securities plummeted. Against this hyperinflation the expected profits of Company of the West never completely appeared, leading to crashes in both French and
European markets. Law was exiled from France; following a brief period in which he was removed as head of the company and reinstated shortly after, only to be removed once more and allowed to leave France.

Law pioneered centralized banking whilst simultaneously becoming one of its early pariahs. Of course it is anachronistic to operate under the benefit of hindsight and project modern working economic conventions onto Law. He does though stand as cautionary tale on the limits of power invested in one man and the need for one man’s, or one entrepreneur’s efforts to be regulated against monopoly.

Cantillon gave us the first working model of an entrepreneur and in the same work, one of the first formal warnings regarding the dangers of inflation.

It was in 1980s that entrepreneurship got into focus, in the same way as professionalism was given all attention in 1970s. Despite long interval till date, confusion could not be removed as regards precise description of what an entrepreneur really means.

The word ‘entrepreneur’ originally meant ‘to undertake’, but the current definition is ‘one who organises, manages, and assumes the risks of a business or enterprise’. And what exactly is an enterprise? It is surely a project or undertaking that is difficult, complicated or risky. Several entrepreneurs, consultants and academicians prefer to lay stress on one or more aspects of entrepreneurship they thought stood out prominently among the other characteristics.

**A few definitions of Entrepreneurs.**

Richard Cantillon (circa 1730); Entrepreneurship is defined as self-employment of any sort. Entrepreneurs buy at certain prices in the present and sell at uncertain prices in the future. The entrepreneur is a bearer of uncertainty.

Jean Baptiste Say (1816); The entrepreneur is the agent "who unites all means of production and who finds in the value of the products...the reestablishment of the entire capital he employs, and the value of the wages, the interest, and rent which he pays, as well as profits belonging to himself."
Frank Knight (1921); Entrepreneurs attempt to predict and act upon change within markets. Knight emphasize the entrepreneur’s role in bearing the uncertainty of market dynamics. Entrepreneurs are required to perform such fundamental managerial functions as direction and control.

Joseph Schumpeter (1934) (states) the entrepreneur is the innovator who implements change within markets through the carrying out of new combinations.

Penrose (1963); Entrepreneurial activity involves identifying opportunities within the economic system. Managerial capacities are different from entrepreneurial capacities.

Harvey Leibenstein (1968, 1979); the entrepreneur fills market deficiencies through input-completing activities. Entrepreneurship involves “activities necessary to create or carry on an enterprise where not all markets are well established or clearly defined and/or in which relevant parts of the production function are not completely known.

Israel Kirzner (1979) (states) the entrepreneur recognizes and acts upon market opportunities. The entrepreneur is essentially an arbitrageur. In contrast to Schumpeter’s viewpoint, the entrepreneur moves the market toward equilibrium.

Entrepreneurship is the recognition and pursuit of opportunity without regard to the resources you currently control, with confidence that you can succeed, with the will to rebound from setbacks (Bob Reiss, successful entrepreneur).

All mankind is divided into three classes: those that are immovable, those that are movable and those that move (Benjamin Franklin).

Entrepreneur is an energetic moderate risk taker. (David McClelland, 1961)

Entrepreneurship is the propensity of the mind to take calculated risks with confidence to achieve a predetermined business or industrial objective.

Entrepreneurship means alertness towards profit opportunities. (Isrel Kizner)

Entrepreneurship is the creation of private economic organization (or network of organizations) for the purpose of gain or growth under conditions of risk and uncertainty (M. Low and J. MacMillan).
Entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychological, and social risks and receiving the results — rewards of monetary and personal satisfaction. (Robert Hisrich, 1986)

Entrepreneurial intention is a mental process that orients the planning and implementation of a business plan (Boyd & Vozikis, 1994; Gupta & Bhawe, 2007). Today it is widely accepted this mental process and the entrepreneurship decisions of individuals can be significantly affected by entrepreneurship education and an entrepreneurial university environment (Fayolle, 2008; Katz, 2003; Robinson & Hayes, 1991; Solomon, Duffy & Tarabishy, 2002).

Peter Drucker defined entrepreneurship as ‘a systematic innovation, which consists in the purposeful and organized search for changes, and it is the systematic analysis of the opportunities such changes might offer for economic and social innovation.’

He also describes the entrepreneur as a person who is willing to risk his capital and other resources in new business venture, from which he expects substantial rewards if not immediately, then in the foreseeable future.

Chandler (1990:8) defines entrepreneurship as dealing with uncertainty, making a distinction between risk, which can be calculated, and uncertainty which can’t be overcome.

Schumpeter describes the entrepreneur as the bearer of the mechanism for change and economic development, and entrepreneurship as the undertaking of new ideas and new combinations, that is innovations.

Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time and career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value must somehow be infused by the
entrepreneur by securing and allocating the necessary skills and resources. (Robert C. Ronstadt).

Typical entrepreneur, to put it safely, is constantly on the look out for new ideas, new opportunities and new ways to realise his vision. As motivational coach, Daniel Bunn, puts it: "Where others see disaster, entrepreneurs see potential." Many of them started from nothing, worked hard, took risks, had limited financial resources, built on a simple product that solved a common problem and gave back to their community generously. Always high on life, they, tend to give more than hundred percent and expect the same from the people they interact with- friends, colleagues, partners. This is them, they can't help it.

So, entrepreneurs follows no rules and define their own boundaries. They are unique and may or may not have things in common. Young or old, visionary or opportunistic, rich or poor, educated or illiterate, entrepreneurs over the years have enjoyed success because of some unique attributes such as vision, creative opportunism, belief in self, belief in work, being pro-active, sticking to values, displaying leadership, taking risk and dealing with uncertainty.

Schumpter chose the word 'innovation' to play it up prominently and throughout his discourse, emphasized 'innovation' as the main function of an entrepreneur. His entrepreneur is very highly specialised entity and his theory mentions this hero seeing the potentiality, profitable opportunities and eagerness to exploit them. His entrepreneur has desire to raise consumption standard and also other non-hedonistic goals of founding a private dynasty. The entrepreneur of his genre has will to conquer in the competitive battle in the arena of business and he takes upon himself the prime job of creating (i.e. innovations). Schumpter's entrepreneur bears unique characteristic of getting satisfaction from using his capabilities in attacking various problems that crop up during business activity. Innovation of Schumpter's type springs forth in (i) introduction of new class of goods, (ii) the use of new method of production, a departure from past practice, (iii) penetration into a new market, (iv) the tapping of new sources of supply of core raw materials (rather all range of raw materials), and (v) the reorganization or restructuring of any industry.

Dewing placed entrepreneur at par with business promoter, during early part of the 20th century, and held a view that the promoter of a business / entrepreneur was capable of
transforming ideas into a profitable business proposition. Dewing mentioned qualities of imagination, initiative, judgement and restraint as necessary ones in the entrepreneur.

The fourth school of thought is “Management School”. It says that the entrepreneurs are organizers of economic activities; they are skilled in organising and aging, apart from assuming risks and ultimately taking pleasure in owning a venture.

The fifth school in the series is the ‘Leadership School’. According to the views of this school of thought, the entrepreneur is a leader; he has the necessary ability to adopt the style of functioning in the various situations according to the needs of the people.

He is skilled in creating followers. Such a leadership personality suits them most when they want early growth of their business; this personality also helps in maturity situations of their enterprises.

The sixth school of thought is “Intrapreneurship School” which describes the act of developing independent units like individual personality”. This act helps to create goods and services, to market them and to undertake expansion of the goods and services for making them available to the consumers/users by looking inward into the organisation, and not depending on outside organisation/support system. Intrapreneurship is necessary in an entrepreneur during maturity situation and when change is required.

1.4 ENTREPRENEURSHIP & ECONOMIC DEVELOPMENT

In his theory of economic development, David Ricardo identified only three factors of production, namely, machinery, capital and labour, among whom the entire produce is distributed as rent, profit and wages respectively. Ricardo appreciated the virtues of profit in capital accumulation. According to him, profit leads to saving of wealth which ultimately goes to capital formation.

Thus, in both the classical theories of economic development, there is no room for entrepreneurship. And, economic development seems to be automatic and self-regulated. Thus, the attitude of classical economists was very cold towards the role of entrepreneurship in economic development. They took the attitude: “the firm is shadowy entity and entrepreneur even shadower or at least is shady when he is not shadowy.” The economic history of the presently developed countries, for example, America,
Russia and Japan tends to support the fact that the economy is an effect for which entrepreneurship is the cause.

The crucial role played by the entrepreneurs in the development of the Western countries has made the people of underdeveloped countries too much conscious of the significance of entrepreneurship for economic development. Now, people have begun to realize that for achieving the goal of economic development, it is necessary to increase entrepreneurship both qualitatively and quantitatively in the country. It is only active and enthusiastic entrepreneurs who fully explore the potentialities of the country’s available resources – labour, technology and capital.

Schumpeter (1934) visualised the entrepreneur as the key figure in economic development because of his role in introducing innovations. Parson and Smelser (1956) described entrepreneurship as one of the two necessary conditions for economic development, the other being the increased output of capital.

Harbison (1965) includes entrepreneurs among the prime movers of innovations, and Sayigh (1962) simply describes entrepreneurship as a necessary dynamic force. It is also opined that development does not occur spontaneously as a natural consequence when economic conditions are in some sense ‘right’: a catalyst or agent is always needed, and this requires an entrepreneurial ability.

Economic development of a country is supported by entrepreneurship in several ways. It is a key contributor to innovativeness and product improvement and a pivotal ingredient to employment creation. Another important aspect to be considered is that in the context of the Indian market, entrepreneurship led economic growth is more inclusive and hence Governments, both at Centre and State level, have been taking initiatives to boost the entrepreneurial ecosystem as they realise the benefits entrepreneurship brings to the economic growth of the country.

Economic slowdown is one of the reasons that has led to a downturn in employment opportunities in the country. Unemployment amongst the youth is on the rise and in this regard entrepreneurship is playing a key role in creating jobs. An entrepreneur is not just creating self employment but also building a structure for small to large scale employment. As these enterprises grow, the employment opportunities increase. In
India, many start-ups that started out as home based ventures are today employers to hundreds of individuals. A company/entrepreneur with an innovative-idea has the power to build employment and in turn stimulate the economy.

Besides employment, another area that is witnessing development by virtue of entrepreneurship is modernization in the regional areas or Tier II cities in the country. Due to financial constraints and competition in the metro cities, entrepreneurs are setting up industries in Tier II cities. Some State Governments like Kerala, Maharashtra, Tamil Nadu are offering schemes/incentives for setting up of SME’s in Tier II and III cities. The growth of businesses in these smaller towns is leading to several public benefits in the area like better transportation, health facilities, education etc thus promoting a balanced development in the country.

This is also leading to more and more entrepreneurs setting up base in their hometowns due to lower costs and affordable talent driving investor attention and incubation centres to these cities too.

This brings to us to another crucial element of standard of living. To ensure people can afford good quality goods at reasonable prices and avail quality services is a crucial feature of a developing economy. Today, entrepreneurial driven economy is the answer to this need as it drives innovation in manufacturing of goods and services leading to availability of goods at lower costs making them more affordable. Entrepreneurs explore opportunities, make effective utilization of resources and create new goods and services. These are for consumption within the country and hence will lead to growth in the national income and invariably reduce our import dependency making the economy stronger.

Entrepreneurs are no doubt catalysts of change and innovation. Entrepreneurship stems from the need of fulfilling a gap that exists in the market and this sets the entire process of development in motion. The entrepreneurial growth in our country has triggered a host of economic benefits, together with new businesses, new jobs and new products and services. The Government now also needs to play their part in encouraging this development and provide opportunities for not just education directed
towards building entrepreneurial skills but also passing favourable plans/policies to strengthen the entrepreneurial ecosystem in the country.

Entrepreneurs shape economic destiny of nations by creating wealth and employment, offering products and services, and generating taxes for governments. That is why entrepreneurship has closely been linked to economic growth in the literature on the subject. Entrepreneurs convert ideas into economic opportunities through innovations which are considered to be major source of competitiveness in an increasingly globalising world economy. Therefore, most governments in the world strive to augment supply of competent and globally competitive entrepreneurs in their respective countries. While developed nations have a reasonably good pace of entrepreneurial supply, most developing countries suffer from dearth of such entrepreneurs. This is one of the reasons for the poverty in developing countries, despite their rich resource endowments.

India has been growing at a relatively high rate in the last few years, and is likely to be the largest economy in the world by 2050. Unlike most of the developed economies, India is a young country with about 63 per cent population currently being in the working age group of 15 to 59 years. This is a plus factor in its favour as studies have found that nascent entrepreneurship prevalence rates are highest in the 25-34 age group. But, this demographic dividend could prove to be its albatross if we are not able to engage our youth in creative pursuits through developing appropriate skills, including entrepreneurship skills. As of now, only about 5-6 per cent youth have access to some kind of skills.

In simple terms, economic development means a process of growth and change. Economic development is concerned ultimately with the achievement of better nourishment, better education, better living conditions and an expanded range of opportunities in worth. Economic development depends on development of secondary sector, that is industry and one hopes that it would bring social transformation, equitable distribution of income and well balanced regional development. Industrialization in underdeveloped regions can induce a shift in the manpower from primary sector (agriculture) to industry. Industrialisation implies changes in occupational structure (occupational shift), which would ultimately increase per capita income of the population.
1.5 ENTREPRENEURSHIP IN MICRO, SMALL AND MEDIUM ENTERPRISES

The emergence of manufacturing entrepreneurship can be noticed in the second half of the nineteenth century. Ranchod Lal Chota Lal, a Nagar Brahman, was the first Indian to think of setting up the textile manufacturing on the modern factory lines in 1847, but failed. In his second attempt, he succeeded in setting up a textile mill in 1861 in Ahmedabad (Spodak, 1965). But before this, the first cotton textile-manufacturing unit was already set up by a Parsi, Cowasjee Nanabhoy Davar in Bombay in 1854 followed by Nawrosjee Wadia, who opened his textile mill in Bombay in 1880. Probably the major Indian contribution in the Nineteenth century came in the field of banking, where every important company owned its existence, in part, to the enterprise and capital of Indians (Rungta, 1970). A few beginnings were made by Indians in heavy industries—steel, engineering, electric power and shipping (Lamb, 1955) in the early part of the twentieth century.

The most spectacular of these ventures was by Jamshedjee Tata, a Parsi, who was responsible for India’s first viable steel enterprise in Jamshedpur in 1911. The Swadeshi Campaign i.e., emphasis on indigenous goods, provided, indeed a proper seed bed for inculcating and developing nationalism in the country. It was the influence of Swadeshi that Jamshedji Tata even named his first mill as “Swadeshi Mill”. The spirit of indigenousness strengthened its roots so much in the country that the Krishna Mills in its advertisement of Tribune of April 13 made the following appeal “Our concern is financed by native capital and is under native management throughout (Joshi and Ram, 1975). The second wave of entrepreneurship growth in India began after the First World War. The government gave mild protection and some encouragement to the select forms of enterprise, especially sugar and cement. By 1939, there were 11,114 companies (not all of them industrial concerns) which were mostly functioning in and around Bombay, Calcutta and Ahmedabad with a capital investment of Rs. 290 crores. In 1945, the number of companies had gone up to 14,859 and the capital investment had risen to Rs. 389 crores (Agrawala & Singh, 1979). The development that took place did not bring about either a degree of regional balance or major structural changes in the Indian economy. The entrepreneurs who contributed to this development were mostly drawn from the well known business houses and families such as Birla, Tata,
Dalmia – Jain, Bangur and Thapar (Hozari, 1965). In the post 1990, the new class of entrepreneurs like Dhirubhai Ambany of Reliance, Brijmohanlal of Hero Honda, Anji Reddy of Dr. Reddy Lab, Narayana Murthy of Infosys, Azim Premji of Wipro, Ramalingaraju of Satyam Computers and many more have taken the country as one among the most preferred countries for investment in the world. There are about 2542 listed companies in the Bombay Stock Exchange. The market capitalization of the traded companies on Bombay Stock Exchange is Rs. 22, 51,012 crores (The Economic Times, 2005). India relies mostly on the performance of agricultural and industrial sectors for their economic development. The agricultural sector has a vast employment potential but is unable to absorb the fast multiplying population. This situation calls for developing alternatives to meet the needs of ever growing population. So our planners and economists focused attention on 182 K. Lavanya Latha / SJM 3 (2) (2008) 171 - 187 accelerating the economic growth through rapid entrepreneurship in the present era. In fact the small scale entrepreneurship has been assigned high priority in the development of economy of the country.

Entrepreneurs contributed relatively more in a society, which had free economy and provided high prestige and security to entrepreneurs than the one, which had relatively more regulated economy and provided lesser prestige and security. When India attained Independence, the new government began to realize the need for accelerating industrial development and a general protectionist system was introduced. Consequently, the various Industrial Policies provided major guidelines for industrial development and at the same time the government started to provide various incentives and concessions in the form of capitalist, technical know – how, markets and land to the potential entrepreneurs to establish industries in the industrially potential areas to remove the regional imbalances in development. The Five Year Plans provided the necessary frame work through their specific programme for economic development of the nation. Several institutions like Small Industries Development Organization, National Small Industries Corporation, Small Industries Service Institutes at the Central Government and Directorate of Industries, Financial Corporations, Small Scale Industries Board, District Industries Centres were also established by the State Government to facilitate the new entrepreneurs in setting up their enterprises. Expectedly, the Small Scale Units emerged very rapidly in India witnessing a tremendous increase in their number from 121,619 in 1966 to 190,727 in 1970.
registering an increase of 17,000 units per year during the period under reference. The family entrepreneurship units like Tatas, Birlas, Mafatlals, Dalmias, Kirloskars, Ambanies, Brijmohanlals, Narayana Murthy, Azim Premji and others grew beyond the normally expected size and also established new frontiers in business in this period. District Industries Centres at the district level functioned as nodal centres for development of small scale entrepreneurship in rural and semi urban areas. District Industries Centres operated as ‘single window’ agency through which all assistance needed for small scale entrepreneurship were streamlined. List of products reserved for small industries increased dramatically from 180 to 540 and later to 812. The Third Census of small scale industries reveals that the total number of small scale industries has increased from 79.6 lakhs in 1994-95 to 110.10 lakhs in 2002-03, indicating an annual average growth rate of 4.1 percent, 12.4 percent production and exports recorded a growth rate of 14.5 percent (Dutt and Sundharam, 2006). On the other hand, industrial licensing, price controls, administrative restrictions and regulations, and a highly progressive tax rate on income and wealth hampered domestic entrepreneurship. Small scale entrepreneurship also facilitated removal of regional disparity in business.

The items from a paper pin to technology–based products were manufactured in the sector and the units were dispersed in districts, towns and villages all over the country. Thus there was a significant growth of small scale enterprise population, their production and employment, besides contributing to a major share of country’s exports.

6 DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES THROUGH ENTREPRENEURSHIP DEVELOPMENT PROGRAMMES (EDPS)

The SSI sector has grown rapidly over the years. The growth rate is very impressive. The number of small-scale units has increased from an estimated 874 thousand units in 1980-81 to 3.121 million units in the year 1998-99. The employment in SSI sector has increased from 12.53 million persons in 1990-91 to 17.16 million persons in 1998-99. The rate of growth in the number of SSI units in India is given in Figure 1. From the year 1990-91 this sector has exhibited a lower growth trend. This has to be viewed in terms of general recession in the economy. The transition period of the process of economic reforms was also affected for some period by adverse factors such as foreign exchange
constraints, credit squeeze, demand recession and high interest rates. During 1994-95 and 1995-96, the trend was reversed. After 1997-98 the growth rate was reduced possibly due to the effect of Asian Financial Crisis and also due to the change in the legal definition of SSI units, which resulted in the decrease in the original cost of plant and machinery, which could be covered in SSI sector. The rate of employment growth in SSI sector in India between 1990 and 1999 is about 3-5% per year as is evident from and The SSI sector is particularly suited for employment growth in a country like India because SSIs are more labour intensive than larger industries, which are capital intensive. The labour intensity of SSIs enables them to provide employment to millions. Further' SSIs also help in solving the problem of regional disparities in employment in India by maximising employment opportunities in rural and semi-urban areas. The growth in SSI sector can be attributed to a series of industry policy resolutions and statements formulated by the Union Government in India, which aimed to promote the industrial growth and encouraged state intervention and assistance. The 1956 Industrial Policy Resolution recognised the role that SSI sector could play in providing employment opportunities, mobilising local skills and resources and integrating SSI sector with larger units.

The Industrial Policy Statement of 1977, stressed on the dispersal of cottage and small industries into rural areas and small towns. The concept of District Industries Centre was also for the purpose of providing services to SSI under one roof.

Small enterprises are born out of individual initiatives and skills. They have greater operational flexibility due to direct involvement of the owner(s) coupled with flat hierarchical structures and less number of people working for the small organisation, which ensure greater operational flexibility. These enterprises have low cost of production due to limited range of overheads; they have high propensity to adapt to technology. These small enterprises have high capacity to innovate and export, and possess high employment orientation. They utilize locally available human and material resources. They often improvise with local material to avoid transport cost on material taken from far away places. They help in reduction of regional imbalances due to wide dispersion.
Factors Promoting Entrepreneurship

(a) Finance

Finance is one of the most important requirements to establish an enterprise. Availability of capital helps an entrepreneur to bring together the land of one, machine of another and raw material of yet another to combine them to produce goods. Finance is the lifeblood of any activity. If capital is available, people who have innovative ideas would like to put them into reality. Without having any obstacles, if capital is available, it will act as a lifeline to entrepreneurs. So, if capital is available, entrepreneurial activities will increase.

(b) Manpower

The easy availability of manpower is again one of the factors which influence the emergence of entrepreneurship. Availability of labour makes entrepreneurship attractive. More than abundantly available labour, the presence of skilled labour force is very important because such a workforce is generally less mobile than other resources. If entrepreneurial activities are initiated near areas where labour is available, then it is easy to carry out the business more comfortably and profitably at low cost. Ludhiana has emerged as hub of small scale units due to this factor..

(c) Raw Materials:

Raw materials are required for establishing any industrial activity and therefore has an influence in the emergence of entrepreneurship. In the absence of raw materials, neither any enterprise can be established nor an entrepreneur can emerge. In some cases technological innovations can compensate for raw material inadequacies. The supply of raw materials is not influenced by themselves but becomes influential depending upon other opportunity conditions.

(d) Market:

Market attracts entrepreneurial activities. Ultimately, it is the market that is required for revenue generation of any business. If sufficient market is not there, people will
naturally hesitate to do business in a sector where there is no market. In addition to market opportunities, it is equally important to ensure future market opportunities for the emergence of entrepreneurial activities.

(e) Social pressures

Many a times if a person is not able to establish his enterprise and he is in the struggling phase society view it as a negative. As a result, many people are forced to accept certain types of jobs and tasks that reflect the social environment. If the society has an open and flexible approach towards various types of jobs and works, then people will feel free to do whatever they like and even go in for innovation and creativity as a result entrepreneurship will grow.

(b) Role models:

Societies that celebrate entrepreneurship and felicitate successful entrepreneurs in a way encourage many future generations to take up entrepreneurial activities. This is because successful businessmen prove to be role models for the society at large. So successful persons should be honoured and success stories should be shared.

(d) Respect and Status:

If societies accord recognition and respect to people who dare to do something different and creative, it proves to be an encouragement for others to do something enterprising. Thus, societies where there is respect and recognition for people to do something different are more likely to see the development of entrepreneurial activities.

(e) Security:

The view regarding role of social security in encouraging entrepreneurship development is rather divided. One school of thought is of the view that people are more prone to take entrepreneurial risks in secure social environments. On the other hand, there are others who argue that entrepreneurship will more likely emerge if there are turbulent conditions. In both cases, there is scope for entrepreneurship development.

(f) Role of Government
The government by its actions or failure to act also does influence both the economic and non-economic factors for entrepreneurship. Any interested Government in economic development can help, through its clearly expressed industrial policy, promote entrepreneurship in one way or other. By creating basic facilities, services and utilities and by providing incentives and concessions, the Government can provide the prospective entrepreneurs a facilitative socio-economic setting. Such conducive setting minimises the risks which the entrepreneurs are to face. Thus, the supportive actions of the Government appear as the most conducive to the entrepreneurial growth. This is true of the Indian entrepreneurs also.

(g) Special schemes to promote Entrepreneurship

Government should start special schemes for the promotion of entrepreneurship in the state. Special subsidies and incentives should be provided for the purpose.

Organizations helping Women Entrepreneurs

The growth and development of women entrepreneurs have accelerated because entrepreneurial development is not possible without active participation of women.

So a suitable environment has been created for growth of women entrepreneurs. Because of the importance of women entrepreneurs, a number of institutions have emerged for growth of women entrepreneurs.

The followings are some of associations or institutions which have played pivotal role for growth and development of women entrepreneurs:

1. SIDBI.
SIDBI stands for Small Industries Development Bank of India. It is a national level institution which extends facilities for growth of small scale industries. This organization has introduced two special schemes for small scale industries by women. These are:

- MAHILA UDYAM NIDHI
- MAHILA VIKASH NIDHI
These two special schemes for women entrepreneurs provide equity and developmental assistance to women entrepreneurs.

These organizations provide financial assistance to women to start entrepreneurial work in the field of spinning, weaving, knitting, embroidery and block printing. Besides the above schemes, SIDBI has launched the following schemes to provide assistance to women entrepreneurs:

- Micro Credit Scheme
- Women Entrepreneurial Development Programme
- Marketing Development Fund for Women.

2. SIDO.

SIDO STANDS FOR Small Industries Development Organization. The primary objective of this organization is to conduct various programmes including Entrepreneurship Development programme for women.

This organization has introduced various development programmes in the areas of TV repairing, leather goods, screen printing and preparation of circuit boards.

3. CWEI.

Stands for consortium of women entrepreneurs of India. It is a voluntary organization consisting of NGOs. SHGs various voluntary organizations and individual business enterprises.

It was formed in the year 2001 with the basis objective of providing technological upgradation facilities to women entrepreneurs. Besides extending technological upgradation facilities, it facilitates in the sphere of marketing and export support.
4. WIT.
WIT denotes Women India Trust. The promoter called Kamila Tyabji has taken initiative for establishment of this trust in 1968. The sold objective of this trust is to help women entrepreneurs.
With the establishment of Kamila Trust in U.K., it has facilitated its members to market their product in London. It has also extended export support to the countries like Australia, Europe and Germany.

5. SEWA.
SEWA stands for Self Employed Women Association. It is a trade union of women which was registered under Trade Union Act, in 1972. The primary objective of this organization is to empower women entrepreneurs in rural sector.
Most of members of this organization are originated from unorganized sector. At present SEWA has shifted its operations from rural areas or level to global level and receive substantial grant from international organizations like Ford Foundation and UNICEF.

6. SHGs.
SHGs denotes Self Help Groups. It is regarded as an association consisting of small group of self employed women entrepreneurs. The women entrepreneurs may be either from rural or urban areas.
The primary objective of SHG is to take care as welfare of its associated members. It provides financial assistance as welfare of its members through financial institutions and non-government organizations.

7. FIWE.
FIWE STANDS FOR Federation of India Women Entrepreneurs. It came into existence in the year 1993 on the outcome of resolution in 7th International conference of women entrepreneurs. It has helped women entrepreneurs in diversified activities through interaction with various women organizations and associations.
8. NABARD.
NABARD stands for National Bank for Agriculture and Rural Development. It is an autonomous organization. The primary objective of this autonomous organisation is to provide liberal credit facilities to women entrepreneurs. The followings are some of essential characteristics of NABARD on liberal credit to women entrepreneurs.