CHAPTER - I
EMPLOYMENT THEORY, SELF-EMPLOYMENT STRATEGY AND ENTREPRENEURSHIP

Employment satisfies the social, economic and cultural needs of individuals, empowers them, and entitles them to many benefits. In contrast to this, unemployment is a state of affairs without a job or employment. It is important to note that an unemployed person is an active member of the workforce capable of working and actively seeking employment but is unable to find it. Unemployment does not merely imply non-utilisation or under-utilisation of resources, but implies deprivation of income, productivity, equity, willingness, recognition, satisfaction, and a host of economic and non-economic issues. The promotion and maintenance of full-employment will eliminate all these losses and will result in high levels of production, national income, and standard of living of the people. Hence, promotion and maintenance of full-employment is one of the accepted objectives of economic policy in developed as well as developing countries.

THEORETICAL APPROACHES
The Neoclassical and Keynesian Perspective

Technological unemployment created by the process of capitalist development and the resulting reserve army of labour formed an essential part of the Marxian analysis of capitalist development. But the Classical tradition and Say’s Law sidelined the significance of unemployment, considering it to be a short-lived phenomenon arising out of friction of market imperfections in the economy. Classical economists and their followers believed that if ‘invisible hand’ of the market were allowed to operate freely it would automatically bring about full-employment. Keynes ruled out the possibility of achieving full employment through wage reductions. It is the level of aggregate
demand that determines the level of full-employment at under-full-employment equilibrium in the Keynesian system, and not the level of wage rates. To Keynes it is insufficient demand that leads to unemployment of labour and other productive equipment.

Since maintenance of full-employment required existence of aggregate demand at a comparable level which might not always be forthcoming on its own through uncoordinated actions of private entrepreneurs and consumers, the gap would have to be made up through excess of the government’s investment expenditure over the revenue receipts. In this perspective public finance policy became an appendage of employment policy according to Lerner (1951). But subsequent development revealed some inadequacies of Keynesian policy framework in successfully tackling unemployment problem under the changed circumstances, for it stressed the demand side of the problem. Keynesian analysis and policies were formed to fight against unemployment in industrialised part of the world during inter-war period. Such an explanation and policy that emerge out of it fall into the context of developed countries.

Thus, Neoclassical as well as Keynesian frameworks are inadequate for tackling the problems of the developing countries as the two paradigms were concerned with the short run problem of unemployment and were cast with the given mould of a given stock of capital. Capital stock cannot stay constant since the act of investment itself creates capital. Domar (1947) formulated a model that postulated the rate of growth of productive capacity at which the growth of income generated by investment would exactly keep in step with the growth in the stock of capital brought about through this investment. Expansion in the level of employment is a function of the growing stock of capital, its magnitude depending upon the existing capital-labor ratio.
The Development Perspective

The employment problem of developing countries assumes the character of invisible under-employment or a low productivity employment. Employment generated in the rural areas, and to a certain extent even in the urban areas, does not conform to the job patterns in organised industry or service sector activities. The lack of employment opportunities arise essentially on account of inadequate stock of physical capital and infrastructural facilities which could provide avenues of fruitful employment, although inadequate aggregate demand could also exist simultaneously. Consequently, employment creation would be dependent upon the pace at which the requisite stock of physical and human capital could be expanded. Rosenstein-Rodan (1943), Nurkse (1953) and Lewis (1954) focused on growth of aggregate capital stock as the key factor determining the pace at which surplus labor could be absorbed in productive activities.

Economists have put forward models of development that show how a country with abundant labor can bring about rapid economic development through the use of its labour measures. The two-sector models developed by Lewis (1954), Eckaus (1955), Ranis and Fei (1964) and Todaro (1969) on the question of labour transfer from rural to urban areas and its absorption in the modern sector assume that the surplus labour from the subsistence sector gets absorbed in the modern sector through wage-price mechanism. Thus, it is held that at a slightly higher wage rate in the capitalistic sector that is necessary to cover the higher cost of living and the psychological cost of the tighter industry discipline, the surplus rural agricultural labor gets transformed and absorbed in the urban modern capitalist sector.

However, development experience has shown that industrialisation has not resulted in rapid reallocation of labor.
Reynold’s (1965) study of Puerto Rico showed that repeated rises in real wages consequent to government wage regulations stimulated management responses in terms of labour saving innovations, giving rise to steeply rising rather than a horizontally moving wage employment locus as envisaged in the two-sector models. Moreover, according to Baer and Harve (1966), there has been a decline in the labor absorption capacity of the modern sector in selected developing countries. Lewisian concept of ever increasing demand for labour in urban industrial centres seems to be rudely shattered by empirical realities, according to Randhawa (1987). The reason is that the growth of wage employment opportunities in the modern urban sector has been more sluggish than was once assumed, as argued by Hirschman (1982). Industrialisation in most of the under-developed countries was not the capital-intensive type as was the case with the 19th century West and it was also not an integrating type in the sense of having induced backward and forward linkages as in contemporary developed economies of the West. As a result, rural-urban migration in the Third World countries has only added to urban unemployment. In the Lewisian framework, employment generation was taken to be exclusively a function of capital formation. While the rate of investment is a key variable, its employment impact is very much dependent upon the technique used in the production process.

Within the Neoclassical framework, it is the ratio of factor prices, which in turn is dependent upon the existing factor proportions that determines the choice of production techniques. In a labour-abundant, capital-scarce developing country, if the factor markets function completely, the price of labour, namely wage rate, would decline relatively to that of capital. Hence rational decisions should lead to adoption of labour-intensive technology that would tend to absorb the unutilised surplus labor, as argued by Eckaus (1955). However, the
factor-price argument stems from the fact that it views solution to the unemployment problem of under-development exclusively in terms of correcting factor price distortion and its influence on the technique of production. This is essentially a reflection of the generalisation of primarily a micro economic analytical apparatus to a macro economic level problem. In the process, it ignores the key role of the rate of investment in extending the size of capital as a source of providing employment in the same way as the Lewisian approach focused primarily on extending the size of capital stock without incorporating the impact of technology on unemployment. In reality, the technique of production used has an important repercussion on the pace of capital formation.

Dobb (1954) and Sen (1960) have brought out a relationship between the choice of technology and rate of investment in employment generation and growth. Whereas employment objective demands widening the area of low capital intensity production within the consumer goods sphere, the pattern of market demand often demands goods of durable consumer variety that have high capital intensity, low employment effect and high foreign exchange content. The unhindered exercise of purchasing power in a completely free market is likely to run contrary to employment and other social objectives of development. It is this fact that poses a challenge for policy makers in the era of liberalisation and globalisation. According to Ashok Chandra, industrial firms may shift to capital-intensive technologies requiring high skills and push the relatively unskilled to declining traditional industries with prospects of income losses and eventual loss of employment.

An effective use of an economy's labour resources is also a major pathway to achieving sustained progress in developing countries. Labour-intensive development is the only effective and sustainable way
in which basic needs and growth objectives can be pursued simultaneously. An enduring solution to the problem of unemployment in the developing world must be sought as part of the overall strategy of socio-economic development. Ad hoc and short-term measures only compound the problem as time passes. A new approach to development lies in extending the principle of generating self-employment in both urban and rural economies as a means of promoting labour absorption.

**MAGNITUDE OF UNEMPLOYMENT PROBLEM**

Employment problems vary between developed countries and developing countries. In a developed country where technological intensity is very high, the structure of the economy, the supply of demand for labour and market potentialities are different from those in a developing economy. Educated, unskilled and informal labour supply with appropriate low level of technology gives a different significance to unemployment. Historically, the economic development of Western Europe and North America were discussed in terms of the continuous transfer of economic activity and people from rural to urban areas, both within and between countries. Although urban slums and unemployment were evident in 19th century England, the combination of urban industrialisation and agricultural mechanisation made it possible for western nations to undergo a systematic rural to urban transfer of their resources.

In developing countries, abject poverty and chronic unemployment have become the major challenges to their developmental efforts. Turnham (1971) has given a detailed account of the magnitude of unemployment in more than 20 developing countries. In a wide spectrum of developing countries, as cited by Todaro (2000), open unemployment, especially in urban areas, now affects 10 percent to 20
percent of the labour force. Even larger fractions of both urban and rural labour forces suffer from underemployment. In addition to the openly unemployed, large numbers of workers are grossly underutilised. The incidence of unemployment is much higher among the young and the educated. Turnham (1993) had estimated the educated youth unemployment rate to be in excess of 30 percent in a large number of developing countries. In Asia, the problem groups are mainly university graduates and secondary school level educated youth. Although voluntary unemployment among the educated was more prevalent in the growth decades of 1960s and 1970s, unemployment grew rapidly largely due to economies being ‘demand-constrained’ by external factors in 1980s and 1990s. This caused a marked deceleration of industrial growth, a rapid decline in real wages and falling urban and rural employment, and most of the unemployment has been of the involuntary variety. Human Development Report (1993) stated that many developing countries are witnessing a new phenomenon of ‘jobless growth’ or ‘output employment lag’.

Unemployment in a developing country is positively related to poverty and unequal distribution of income and that is why every strategy intended for development focuses at removing both poverty and unemployment. A recent estimate made by the Planning Commission indicates that at the beginning of the Ninth Five Year Plan (1997-2002), the backlog of unemployment was 7.6 million based on usual status approach. During the Plan period nearly 60 million jobs needed to be created to provide full employment, comprising additions to the work force of 52.4 million.

Unemployment is noticed in the case of educated as well as uneducated people both in urban and rural areas. Among its different ramifications, unemployment of the educated is more conspicuous and
formidable. As per the 55 Round of National Sample Survey (NSS) (1999-2000) report, about 37.3 percent of the total unemployed are with education level at secondary school level and above. Of much greater concern is that the wage employment is increasingly casualised and the increase is more pronounced in rural areas and among males, for it rose from 34.6 percent in 1993-94 to 36.6 percent in 1999-2000, indicating the employment scenario during economic reforms.

Moreover, the Ninth Plan estimated a decline in employment elasticity for the economy from 0.40 during the decade 1983 to 1993-94 to 0.38 in the context of growth in output in India. This being an indicator of the employment content of growth, a fall in its value indicates that growth has become less employment intensive. According to the recent estimate made by the Economic Survey (2000-2001), there was a sharp decline in the overall growth of employment in the organised sector from 0.46 percent in 1998 to a level of 0.04 percent in 1999. Thus, the deceleration trends in employment generation coupled with rise in involuntary unemployment among the casual labour along with educated unemployed further add complexities to the problem of poverty and unemployment.

REASONS FOR EDUCATED UNEMPLOYMENT

Different scholars and authorities have viewed and examined the problem from different angles. However, the cause of the problem looked from any angle is the imbalance between supply of and demand for educated labour in the market. The liberal educational system and the pursuit of traditional academic subjects with its theoretical bias and lack of aptitude and technical qualifications are the major factors contributing to educated unemployment in the country. As observed by Harbison (1973), “Education is a self-escalating industry.” At each successive stage of education, enrollment has been growing at a much
higher rate compared to the preceding stage. A partial explanation is that such education is increasingly considered as a desirable subsistence for unemployment. The more unprofitable a given level of education becomes as a terminal point, the more demand for it increases as an intermediate stage or pre-condition to the next level of education. As Todaro (2000) remarked, 'Each worsening of the employment leads to an increased demand for more education at all levels.'

Heavy subsidisation of education has made college education affordable even to the lower income groups, which in turn has caused educated unemployment to rise rapidly. The private perception of the value of education is its social value, which takes account of rising unemployment. Blaug et al. (1969) by using the rate of return technique have calculated that at all levels of education in India the private rate of return on educational investment exceeded the private cost of education. They have come to the conclusion that educated unemployment in India is structural which could not be caused simply by expansion of demand for labour. Therefore, they rely heavily on the supply side of the problem. Their contention is that the educated unemployment in itself is no proof of overinvestment in education, it is caused by market imperfections. Lyn (1981) argued that even if the labour market functions smoothly it would not change the employment situation. Therefore factors on the supply side of the labour market are responsible for the employment problem. According to Blaug et al. (1969), the appropriate remedy, therefore, involve an active manpower policy designed to improve the functioning of labour markets rather than a contraction of upper secondary and higher education. Since demand management is difficult, supply side management through training the unemployed can be accomplished.
Although the reasons for unemployment are varied in their nature, the change in employment pattern across different sectors either require new skills through training or upgradation of skills among the existing employees for employability from the job seekers. The same is particularly true when the gap between the employment opportunities and job seekers is widening because of the mismatch between the available skill and requirement. This over the years resulted in involuntary unemployment among the youth, which is said to be a highly productive population. Therefore, the only ray of hope for the educated unemployed in the present context seems to be self-employment. The strategy exerts strong influence on the supply and demand side of the problem. On the supply side, self-employment strategy makes the educated more productive by imparting the skills in formal and informal ways. From the demand point of view, it develops self-employment as an independent sector where the unemployed people can seek their fortune. Studies by Waldorf and Waldorf (1983) on Thailand, Blattion on Malaysia, Hart (1983) on Kenya and Sumner (1981) on Guatemala and House (1984) on Nairobi brought out an important empirical finding that self-employed people appeared to have higher earnings than their wage-employee counterparts in urban areas. These studies recommended policy support for self-employment in order to harness their potentialities and also to increase the level of output and employment. Therefore, as an alternative to wage-employment, if the government encourages such persons to seek self-employment by providing a package of inputs/services, the educated unemployed can get gainful employment.

EMPLOYMENT STRATEGIES AND PROGRAMMES IN INDIA

The basic objective of development planning of the Government of India is ‘Growth with Social Justice and Equity’. As a part of this broader objective, the emergence of entrepreneurship in both urban and
rural areas and organised management resulting in increasing productivity and better employment opportunities are also the goals of balanced industrial development in the country. While it is necessary to ensure that greater productive employment is generated in the growth process itself, it is recognised that the growth process alone cannot provide employment if the growth rates of gross domestic product are low and pattern of growth is not labour intensive. Hence, there is a need for state intervention in order to provide supplementary employment to the people. During the Fourth Five Year Plan (1969-1974), therefore, an employment oriented development strategy has been evolved and few special employment schemes have been conceived and implemented. The need for special employment programmes is clearly highlighted by the Bhagavati Committee (1973). There is a plethora of such schemes during the subsequent plans. The fundamental rationale underlying these special employment schemes is the fact that the sectoral development programmes have failed to provide employment to growing labour force, leaving aside the backlog of unemployed. However, the direct state-interventionist schemes supplement the sectoral efforts.

The new employment strategy of the Ninth Five Year Plan (1999-2002) aimed at generating productive work opportunities in the growth process itself by concentrating on sectors, subsectors and technologies that are more labour intensive in regions characterised by higher rates of unemployment and underemployment. In order to solve these problems, India has mainly two special employment programmes. They are wage employment and self-employment programmes.

**Wage Employment Programmes**

In India, employment provision has been used for centuries as a tool for protecting entitlements. Since Independence in 1947, there have
been many Central Government sponsored schemes. An early beginning was made towards the development of rural areas with the introduction of Community Development Programme in 1952. The launching of Intensive Agricultural District Programme (IADP) in 1960 and Intensive Agricultural Area Programme (IAAP) in 1964 paved the way for implementing the high yielding variety that became the instruments in promoting the adoption of technological innovation. It was more of a top-down approach.

Wage employment programmes aimed at creating employment through rural public works. The first ever attempt at generating wage employment was the Rural Works Programme launched in 1960-61 on a pilot basis. It aimed at providing 100 days of employment to about 2.5 million persons for 5 years by creating community assets. In 1971, a Crash Scheme for Rural Employment (CSRE) was launched with the objective of generating 2.5 lakhs man-days of employment in each of the selected district by creating productive assets and prospective irrigation. In 1972, another scheme, namely, Pilot Intensive Rural Employment Programme (PIREP) was started alongside CSRE. The Drought Prone Area Programme (DPAP) of 1970-71, and later, the Desert Development Programme (DDP) were also a part of employment generation strategy to begin with, before they become Area Programmes. Under target group approach, Small Farmers Development Agency (SFDA) and Marginal Farmers and Agricultural Labour (MFAL) scheme were initiated and they also addressed employment objectives. The area approach and target approach were essentially aimed at resource development on group or area basis. Under the employment approach programme, Food For Work Programme (FWP) was launched in 1977 to augment resources of states for maintenance of public works. It aimed at providing gainful employment to the poor by creating rural infrastructure and payment of part wages in food grains. The Food For
Work Programme was replaced by National Rural Employment Programme (NREP). It was launched as a centrally sponsored programme in 1980 to provide gainful employment to the poor by creating rural infrastructure in 1983, Rural Landless Employment Guarantee Programme was initiated as a centrally sponsored programme to provide 100 days of employment to every rural landless by creating durable assets. These two programmes were later merged and Jawahar Rozgar Yojana (JRY) was launched as a centrally sponsored scheme in 1989. It aimed at creation of additional gainful employment to rural poor and also creation of sustained employment generation potential by strengthening rural infrastructure. JRY has been strengthened and restructured into rural infrastructure programme as Jawahar Gram Samridhi Yojana (JGSY) in 1999. At the state level, Maharashtra's Employment Guarantee Scheme (EGS) is the most important programme initiated in 1979. Learning from Employment Guarantee Scheme in Maharashtra, Employment Assurance Scheme was launched in 1993 aimed at providing assured employment of 100 days of unskilled manual work to the rural people who are in need of employment and seeking it. The above wage employment programmes are good only for reducing transient poverty arising out of seasonal nature of agricultural operations.

**Self-Employment Programmes**

Self-employment programmes are advocated because they increase the skill of the workers. These are aimed at generating employment creation through the provision of subsidised credit for purchasing assets. Accordingly, the Integrated Rural Development Programme (IRDP) was started in 1980-81 in all blocks of the country. It aimed at providing self-employment to the rural poor through acquisition of productive assets that will generate additional income on a sustained basis to enable them to cross the poverty line. The scheme of
Training of Rural Youth for Self Employment (TRYSEM), a facilitating component of IRDP, was started in 1979, with a view to providing technical and entrepreneurial skills to rural youth from families below the poverty line to enable them to take up income generating activities. The special scheme for Development of Women and children in Rural Areas (DWCRA) aimed at strengthening the gender component of IRDP. It was started in the year 1982-83 and was directed at improving the living conditions of women and thereby children through the provision of opportunities for self-employment and access to basic social services. Women members of DWCRA form groups of 10-15 women each for taking up economic activities suited to their aptitudes and local conditions. The scheme of Supply of Improved Tool kits to Rural Artisans (SITRA) was launched in 1992 as a sub-scheme of IRDP. Under the scheme, a variety of crafts persons are supplied with a kit of improved hand tools within a financial ceiling of Rs 2000, of which the artisans have to pay 10 percent and the remaining 90 percent is a subsidy from the government of India. With a view to have a more focused approach to poverty alleviation, to derive advantages of group lending and to overcome the problems associated with multiplicity of the programme, IRDP and its allied programmes were restructured into a single self-employment programme called SwarnaJayanti Gram Swarojgar Yojana (SGSY). It aims at establishing a large number of micro enterprises with an emphasis on the cluster approach.

The Self Employment Programme for Urban Poor (SEPUP), the urban counterpart of IRDP, was launched in 1986 and aimed at providing self-employment opportunities for people living below the poverty line. In 1989, Nehru Rozgar Yojana (NRY) was launched to provide wage employment, self-employment and skills to the urban poor. It has three components, namely, the Scheme of Urban Micro Enterprises (SUME), the Scheme of Urban Wage Employment (SUWE).
and the Scheme of Housing and Shelter Upgradation (SHASU). The Scheme of Urban Basic Services for Poor (UBSP), earlier known as Urban Basic Services (UBS) was launched in 1986 with the specific objective of effective achievement of the social sector goals, community organisation, mobilisation and empowerment, and convergence through sustainable support system. Recognising the seriousness and complexity of urban poverty problems, especially in the small houses where the situation is more grave due to lack of resources for planning their environment and development, the Prime Ministers’ Integrated Urban poverty Eradication Programme (PMIUPEP) was launched in 1995. The Swarna Jayanti Shahari Rozgar Yojana (SJSRY), which subsumed the earlier three urban poverty programmes namely, NRY, UBSP and PMIUPEP was launched in 1997. It aimed at providing employment to the urban unemployed and underemployed poor living below the poverty line and educated up to IX standard through encouraging the setting up of self-employment ventures or providing the provision of wage employment. The scheme gave special impetus to empower and uplift women living below the poverty line and launched a special programme, namely Development of Women and Children in Urban Areas (DWCUA) under which groups of urban women take up an economic activity suited to their skills, training aptitudes and local conditions.

**IMPACT OF INTEGRATED DEVELOPMENT PROGRAMMES**

The process of integration, which was aimed in many a programme starting from the Community Development Programme down to the Integrated Rural Development Programme and recently the Rural and Urban Areas Development Programme, has not materialised. Many of these programmes were neither systematic nor integrated and thus had limited impact. These programmes had addressed themselves to employment issue without linking it with productivity growth or efficiency augmentation. The strategy of providing wage employment...
through rural works programme provided only temporary palliatives without being permanently curative by way of providing a permanent source of income to the poor. Casual workers have very little scope to improve their employability through skill development. In the case self-employment programmes, the financial availability was small and the rate of return was also small as it was addressed to very little infrastructure. Moreover, these programmes were concerned more with micro regional growth and were not in a position to provide hinterland linkages. As such, these programmes suffered from the problem of weak integration between different sectors, areas and activities individually and also between each other. Giriappa (2001) argued that when the quantum of assistance in the programme was higher, the viability and performance of the units in different sectors and activities became more commercial and objective oriented, for “technology of programmes has much to do with the characteristics of the beneficiaries and cultural milieu under which they are subjected to interact in order to optimise their activities”. This requires the need for making the programmes more need-based and location-centric rather than annual repair and adhoc programmes. Therefore, in any process of development, the combined role of infrastructure, institutions and technology becomes essential for success of any programme.

**PRIME MINISTER'S ROZGAR YOJANA**

After Independence, the Government of India, with a view to give a fillip to Indian economy on the one hand, and to draw young, educated unemployed youth to industry on the other in order to achieve balanced industrial growth, encouraged the growth of small enterprises especially in the backward regions. When agriculture fails to be the leading sector owing to structural, technological and institutional problems, industrial development assumes greater importance in integrating the different sectors. Simultaneous development of all the
sectors presumes an even growth strategy. Towards this, the government introduced the first Industrial Policy in 1948, which laid down its basic policy regarding industrialisation in the country. The Industrial Policy of 1956 framework encompasses encouragement of entrepreneurship, development of indigenous technology through research and development, increasing competitiveness for the benefit of common man and development of capital markets. The spread of industrialisation to backward areas of the country was promoted through appropriate incentives, institutions and infrastructure investment. The new Industrial Policy of 1991, announced a separate policy for the development of small, village and tiny industries in the backward areas with the objectives of deregulation, debureaucratisation, improving credit flow, technology upgradation, export development and promotion of entrepreneurship. In order to inculcate a spirit of entrepreneurial capability amongst educated unemployed youth, a programme on self-employment to educated unemployed youth was initiated during 1983-84. This programme aimed at tapping the underutilised human resources in the urban and semi-urban regions of the country toward encouraging the educated unemployed youth in starting new ventures in industry, service, and business enterprises with a loan and a subsidy component.

During 1993-94, the scheme was revamped into Prime Minister’s Rozgar Yojana for the benefit of unemployed educated youth, especially in the urban and semi-urban areas. The target group constitutes those in the age group of 18 to 35 years and women up to 45 years, with educational background of tenth class passed or failed, ITI passed and persons who have undergone a government sponsored technical course for a minimum duration of 6 months.
The loan amount was substantially increased and many sectors were brought under the purview. Recently, agricultural activities in the high technology sector have assumed the role of industrial characterisation, therefore the focus of the scheme was to be widened and made more productive. The income limit of the participating beneficiary’s household was fixed at Rs 40,000 per annum. A reservation of 22.5 percent was to be provided to scheduled castes/scheduled tribes, to other backward classes it was to be 27 percent and to women it was to be 30 percent. The total loan amount was raised up to Rs 1,00,000 with a subsidy ceiling of Rs 7,500 so as to enable better viability of the enterprises. About 5 per cent of the total project cost had to be met by the beneficiary. The gestation period was kept at 6-18 months and the repayment period to 3-7 years. Intensive training in entrepreneurial development is to be given with facilities for stipend and other basic requirements at the district level. The District Industries Center (DIC) has the responsibilities of development of industries. It is the nodal agency for implementing the programme at the district level. The DICs had to evolve location-specific active plan based on realistic demand assessment for various projects. The concerned small industries service institutes had to carry out necessary project proposals and assessment of potentialities. The DIC task force was to be responsible for motivating and selecting the beneficiaries, identifying and preparation of the schemes, determining the activities for entrepreneurs, recommending loans and in initiating action toward speedy clearance of the schemes from the concerned authorities. The cooperation of different agencies like the industries department, banks and other financial institutions is assured and coordinated for the success of the programme. There have been efforts to simplify the licensing and other formalities. A system of single window agency was created so as to deliver the technical, physical and financial assistance to the entrepreneurs at the shortest time and at least cost, all under one
Entrepreneurs and Entrepreneurship

Entrepreneurship has emerged as a major new force for change. The dynamic role of modern small business in economic growth has received fresh recognition worldwide. The concept of entrepreneur has undergone radical change from the early 19th century when an entrepreneur was described as a man engaged in military expedition to an owner manager responsible for the crucial act of economic activity in recent times. It was applied to economic activity by Cantillon (1755) to designate a dealer who purchases and sells goods at uncertain prices. Schumpeter (1961) defined entrepreneur as a dynamic agent of change, or the catalyst who transformed increasingly physical, natural and human resources into corresponding production possibilities.

McClelland (1969), Hagen (1971) and Kunkel (1971) gave prominence to psychological factors, and Weber (1930), Cocharan (1971) and Young (1971) to sociological factors as determinants of supply of entrepreneurs. While McClelland emphasised the importance of achievement motivation as the basis of entrepreneurial personality and a cause of economic and social development, the emergence of creative individuals consequent on withdrawal of status in society was identified by Hagen as the factor causing the development of entrepreneurs and the starting point of economic development. Kunkel believed that the behavioral pattern of individuals is important for development and such a pattern can be influenced by external stimulus so as to alter it in the manner required. Weber, Cocharan and Young underscored the importance of society in shaping the entrepreneurial personality and considered that, the ingredients in the emergence of
entrepreneurs are cultural values, role expectations, social sanctions and inter-group relations in society Harbison (1956) characterised all the persons who perform entrepreneurial functions in an organisation as managerial resources Simon (1976) emphasised that the conservative value of the entrepreneur was derived from the size and the growth of the organisation Kilby (1971) and Drucker (1980) attached importance to managerial aspects They emphasised perception of market opportunities as well as organisational skills, required to run a business or an industry

Ziller (1957), McClelland (1961) Palmer (1971) found risk taking behaviour to be an important determinant of entrepreneurship To be personally responsible for the risks involved in the establishment of an enterprise was considered as one of the important dimension of an entrepreneurial behaviour The entrepreneurs bear the risk of launching a new business Entrepreneurs are motivated to respond to a variety of environmental stimuli to improve the performance of their firms by choosing among the various decision-making alternatives These alternatives are influenced by the owner manager's perception of the task environment The decisions of the entrepreneur certainly have substantial impact on the firms subsequent performance Sutton 1954), Kogan and Wallach (1964) have emphasised the importance of risk taking in decision-making Atkinson (1957) developed motivational determinants of risk taking behaviour These currents of thought, however, bring to surface certain common characteristics These include the perception of economic opportunities, technical and organisation skills, managerial competence, motivation and risk taking to achieve results It is the combination of market sense, production sense, and creative sense that shapes an entrepreneur
As agents of change and progress, entrepreneurs start by identifying a market opportunity and matching this with social or technical innovations. They then proceed to mobilise the resources necessary to drive their business concept to its commercial realisation. The development of a product or service with a high technology content poises a significantly greater challenge for the country in today’s rapidly changing global environment.

Further, technological change is taking place today against a background of growing national and international disequilibria. Technology upgradation is now the most inescapable and all encompassing pre-requisite for staying in the game. In some sectors and activities, traditional production factors are giving way to a new paradigm characterised by introduction of new products, new inputs, new methods of using inputs, investment and employment, new marketing methods and strategies for improved performance to survive, stay abreast and succeed. Educated and skilled workforce can contribute to production efficiency, competitiveness and trade when global market forces sweep over the captive domestic market. Value adding ventures with good growth potential can be developed in an open market and in a culture that supports risk taking. Entrepreneurship as the technological infrastructure is the new force for economic growth and development of the economy. The World Development Report (2002) focuses on the four main lessons on institution building namely, complement, innovate, connect and compete.

Small enterprises by their very nature of operation are largely owner-manager organisations with managerial control by the proprietors or the managing partners. Normally, entrepreneurs choose enterprises that they can manage without much hired managerial talents. The small enterprise has the advantages of small investment,
large employment potential and decentralisation. The diverse background and experience of entrepreneurs also contributes to the managerial efficiency with multi-functional attitude. The intensity of risk taking in terms of adopting new technologies, financial, organizational and marketing techniques is more pronounced in small enterprises.

**BRIEF HISTORICAL SKETCH OF EMERGENCE OF ENTREPRENEURSHIP IN INDIA**

Emergence of manufacturing entrepreneurship started from 1850 with the help of East India Company and agency houses that exposed the potential entrepreneurs to new ideas as viewed by Brimmer (1955). The first cotton mill was set up by a Parsi in Mumbai in 1854. According to Medhora (1965), the second wave of entrepreneurial growth began during and after the I World War. A group of self-made entrepreneurs began to emerge, who by ploughing back their high profits into their small workshops, built up larger industrial establishments. The movement of entrepreneurial growth found impetus after the II World War. Business communities had dominated the entrepreneurial scene. Business enterprises were run as family enterprises and Indian industrialists were usually members of old trading families that still dominate the business activities of the country. Thus industrial development in pre-independent India was both slow and lop-sided.

Entrepreneurial opportunities can be found in every country, community and family. Harnessing latent entrepreneurial talent through entrepreneurship training to various target groups of population is now considered being a viable alternative to many of the problems facing the country. PMRY is a programme designed to provide facilities that an educated youth needs for starting his/her own economic activity and to become self-employed. PMRY can be seen as an attempt at
entrepreneurship development with five components namely selection, training, support systems, production and maintaining.

Such programmes are needed to speed up the process of activating the factors of production leading to a higher rate of economic growth, dispersal of economic power, development of backward and tribal areas, reinvestment of profits for the welfare of the society, solving problems of unemployment, harnessing youth vigour, women as a special needs group and involvement of all sections of the society in the process of growth.

In spite of marked progress in other fields, women however remain a nation’s untapped resource. Their contribution is undermined due to lack of education and of effective opportunities for employment. The PMRY can be successfully made use of as a programme for development of entrepreneurship among women in both urban and rural areas.