SMALL SCALE INDUSTRIAL GROWTH AND ENTREPRENEURSHIP
CHAPTER–IV

SMALL SCALE INDUSTRIAL GROWTH AND ENTREPRENEURSHIP

4.1 INTRODUCTION

The small scale enterprise is the potent entity for reaping the latent and innate abilities of the human resources. The small enterprise would be a testing ground for those who have exceptional drive. It provides a chance to experiment with minimum risk. The small venture is a breeding ground for the first generation entrepreneurs. They can nurture their skill through trial and error approaches facilitated by a tiny or micro enterprise.

“Small enterprise constitutes a seed-bed or nursery which is an essential part of the forest of firms whose component trees are decaying as well as growing” Alfred Marshal (1946). The small venture is the ferment that provides strength for the healthy growth of industries.

“The impact of entrepreneurs on any given organization is greater in small business” William Naumer, (1978). The small industrialist can have inter-personal relationship with the workers in the shop floor. The ‘specialised labour – entrepreneurs’ may train and mould the skill of the workers.

Entrepreneurial development, The Economic Times (1987) and small scale industries are inter-related. The former gives birth to the small scale industrial units,
while the latter provides further opportunities for entrepreneurial development. Small
scale industrial units do not only increase the quantum of goods and services in the
country but also develop entrepreneurial and managerial skills. A country might remain
under-developed or undeveloped not only because it is in scarcity of resources but also
because it lacks in entrepreneurial talents. In fact, entrepreneurship is the base of all
types of economic growth whether industrial or agricultural, whether small sector or
large sector, whether manufacturing concern or providing services. Exploitation of
available resources is hardly possible without a large force of enthusiastic
entrepreneurs.

India is an enterprising nation, says a global study of entrepreneurship by Global
Entrepreneurship Monitor (GEM) programme, a joint research effort by Babson College
and the London Business School, Archana Rai, (2004). GEM has classified countries into five groups from A (most entrepreneurial) to E (least). India falls in Group B.

**TABLE 4.1**

Inter-Countries Comparison of Entrepreneurship

<table>
<thead>
<tr>
<th>Group</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Chile, Korea, Newzeland, Uganda, Venezuela</td>
</tr>
<tr>
<td>B</td>
<td>India, Brazil, China, Mexico</td>
</tr>
<tr>
<td>C</td>
<td>Argentina, Australia, Canada, Denmark, Finland, Hong Kong, Hungary, Iceland, Ireland, Slovenia, Spain,</td>
</tr>
</tbody>
</table>
4.2 GEM CLASSIFICATIONS BASED ON TEA AND FEA

The Total Entrepreneurial Activity (TEA) index – a measure of the number of start-up entrepreneurial ventures – shows that India fares fairly well on their entrepreneurship scale. There are more than 107 million people seeking activity to establish 85 million new businesses. In the period 2000 – 2004, an average of 15 out of every 100 Indians was aiming to be an entrepreneur.

However, in the Firm Entrepreneurial Activity (FEA) index – a measure of whether established firms remain innovative and make the most of opportunities that unfold – India’, average dips to a low of 1.78, while Mexico has 2.8, South Korea 4.02 and Chile 6.06 FEA.

Table 4.2 highlights the contribution of Small and Medium Enterprises (SMEs) across diverse economies.
### TABLE 4.2

**Contribution of SMEs**

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of Total Establishments (%)</th>
<th>Share of Output (%)</th>
<th>Share of Employment (%)</th>
<th>Share of Exports (%)</th>
<th>Criteria for recognition</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>95</td>
<td>40</td>
<td>45</td>
<td>35</td>
<td>Fixed assets</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>98</td>
<td>45</td>
<td>53</td>
<td>12</td>
<td>Employment</td>
</tr>
<tr>
<td>Japan</td>
<td>99</td>
<td>52</td>
<td>72</td>
<td>13</td>
<td>Employment &amp; assets</td>
</tr>
<tr>
<td>Taiwan</td>
<td>97</td>
<td>81</td>
<td>79</td>
<td>48</td>
<td>Paid up capital, assets &amp; sales</td>
</tr>
<tr>
<td>Singapore</td>
<td>97</td>
<td>32</td>
<td>58</td>
<td>16</td>
<td>Fixed assets &amp; employment</td>
</tr>
<tr>
<td>Korea</td>
<td>90</td>
<td>33</td>
<td>51</td>
<td>40</td>
<td>Employment</td>
</tr>
<tr>
<td>Malaysia</td>
<td>92</td>
<td>13</td>
<td>17</td>
<td>15</td>
<td>Shareholders funds and Employment</td>
</tr>
<tr>
<td>Indonesia</td>
<td>99</td>
<td>36</td>
<td>45%</td>
<td>11%</td>
<td>Employment</td>
</tr>
</tbody>
</table>


### 4.3 THE INDIAN SMALL SCALE SECTOR

In India, a SSI unit is defined as one where investment in plant and machinery whether held on ownership terms or on lease or by hire purchase does not exceed Rs.10 million (1 USD=Rs.49). There also exists a definition for micro-enterprises, which are
popularly known as “Tiny Units”. A tiny unit is one where investment in plant & machinery does not exceed Rs.2.5 million. The Indian small scale sector has been fortunate to build upon a heritage of enterprise, dynamism and renewal. Despite two centuries of colonial rule and total lack of external support, the sector has reestablished itself and consolidated over the last 50 years. From about 80,000 units in the late 1940s to over 3.3 million units today, the sector has been proving its mettle time and again. The last decade of the 20th century has seen this sector maintain its steady growth. The SSI sector in India alone contributes 7% to India’s GDP. The performance of the Indian small scale sector in terms of critical economic parameters such as number of units, production, employment and export during the last decade is indicated below.

**TABLE 4.3**

**Performance of Small Scale Sector**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Units (Million Nos.)</th>
<th>Production (Billion Rs.) (at current prices)</th>
<th>Employment (Million Nos.)</th>
<th>Exports (Billion Rs.) (at current prices)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-94</td>
<td>2.38</td>
<td>2416.48</td>
<td>13.93</td>
<td>253.07</td>
</tr>
<tr>
<td>1994-95</td>
<td>2.57</td>
<td>2988.86</td>
<td>14.65</td>
<td>290.68</td>
</tr>
<tr>
<td>1995-96</td>
<td>2.65</td>
<td>3626.56</td>
<td>15.26</td>
<td>364.70</td>
</tr>
<tr>
<td>1996-97</td>
<td>2.80</td>
<td>4118.58</td>
<td>16.00</td>
<td>392.48</td>
</tr>
<tr>
<td>1997-98</td>
<td>2.94</td>
<td>4626.41</td>
<td>16.72</td>
<td>444.42</td>
</tr>
<tr>
<td>1998-99</td>
<td>3.08</td>
<td>5206.50</td>
<td>17.15</td>
<td>489.79</td>
</tr>
<tr>
<td>1999-00</td>
<td>3.21</td>
<td>5728.87</td>
<td>17.85</td>
<td>542.00</td>
</tr>
</tbody>
</table>
In some export segments, the contribution of Small and Medium Enterprises is overwhelming. The Table 4.3 below indicates these segments and the corresponding SME contribution.

### TABLE 4.4

**Percentage of SSI in Total Exports**

<table>
<thead>
<tr>
<th>Product</th>
<th>Percentage of SSI in Total Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sports goods</td>
<td>100</td>
</tr>
<tr>
<td>Readymade garments</td>
<td>90</td>
</tr>
<tr>
<td>Woollen garments, knitwear</td>
<td>35</td>
</tr>
<tr>
<td>Processed foods</td>
<td>65</td>
</tr>
<tr>
<td>Marine products</td>
<td>29</td>
</tr>
<tr>
<td>Leather products</td>
<td>80</td>
</tr>
<tr>
<td>Plastic products</td>
<td>45</td>
</tr>
<tr>
<td>Cosmetics, basic chemicals and pharmaceutical products</td>
<td>55</td>
</tr>
<tr>
<td>Engineering goods</td>
<td>30</td>
</tr>
</tbody>
</table>

The Indian small sector has been consistently outperforming the organized sector on crucial parameters such as growth in production and growth in employment as reflected in Table 4.4.

4.3.1 Problems of Small Enterprises

As the knowledge economy gains ascendance over the traditional smoke-stack economy, far better opportunities are emerging for the Indian small units in the service sector. In India, such units are generally referred to as Small Scale Service and Business Establishments (SSBEs). Presently SSSBEs upto Rs.1 million investment are considered as small units in India. The sector which is showing very rapid growth adjudication is able to build up on its basic skills helping it to emerge as a leader in respect of software, servicing and communication. Various activities recognised as SSSBE include Cable TV services, rope-ways, marketing and industrial consultancy, auto repair, servicing of equipment, long distance telecommunication kiosks, photographic labs etc. Increasingly, the service sector is helping to utilise the skills of a vast number of educated youth of the country.

Now-a-days, small scale entrepreneurs are facing numerous problems. They suffer from the problems of inadequate work, space, lighting ventilation, power, absence on saving and safety measures and lack of measures for test control etc. The adoption of
modern technique is either disliked by the entrepreneurs or not feasible. Many units are suffering from shortage of finance required for modernizing equipment and expanding business.

Non-availability of raw materials, Deolankar, Vivek (1984)\textsuperscript{clvi} is one of the most acute problems of small entrepreneurs. The entrepreneurs have reported some sort of discrimination in providing raw materials to them. Now the problem reported by the entrepreneurs was the sudden rise in the price of raw materials. Some problems emerge due to adoption of unfair criteria for distributing raw materials between small scale units and large units and among various states. Apart from these problems, poor maintenance of plant and machinery, low labour productivity, hardship in marketing outlet, labour troubles have been as much responsible for the entrepreneurship growth as inflation and demand recession. T.V. Rao and U. Pareek (1979)\textsuperscript{clvii}

Marketing of product is another problem of small entrepreneurs. They cannot survive on domestic markets any longer. The small units being individual enterprise have very limited resources and cannot succeed in expanding markets.

Another major problem is the lack of training facilities in management, technical and other skills which is necessary for the development of entrepreneurship. Deolankar, Vivek (1987)\textsuperscript{clviii}

Generally, the small units find it impossible to create their export markets independently. This is mainly because of poor and obsolete quality of their products.
These entrepreneurs are incapable of improving the quality of their products for want of Government tool rooms.

Lack of scientific management is a serious problem of small scale entrepreneurs. In most of the cases, these small entrepreneurs turn to be the managers and therefore, knowledge of various management principles and techniques becomes very essential for them.

Many of the problems arise from regional bias. The development of all sorts of industries in each region may have adverse effect on the entrepreneurs and the national economy. In fact, the development of entrepreneurial excellence becomes a thorny taste, particularly when they face infrastructural, financial, educational and cultural problems. The growing magnitude of problems not only raise the number of such entrepreneurs but also discourage the budding entrepreneurs.

No need to mention that the infrastructural problems retard the development facilities of entrepreneurs in getting a production result unless they get transportation, power and communication facilities in right quantity and at right time. A number of entrepreneurs reported that failure of power, lack of transportation facilities and advanced information system have hampered their productivity and profitability.
TABLE 4.5
SSIs under Five Year Plans

<table>
<thead>
<tr>
<th>Plan</th>
<th>(Rs. in Crores)</th>
<th>Increase</th>
<th>Percentage of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>1951-56</td>
<td>48</td>
<td>–</td>
</tr>
<tr>
<td>II</td>
<td>1956-61</td>
<td>187</td>
<td>139</td>
</tr>
<tr>
<td>III</td>
<td>1961-66</td>
<td>248</td>
<td>61</td>
</tr>
<tr>
<td>IV</td>
<td>1969-73</td>
<td>242</td>
<td>–6</td>
</tr>
<tr>
<td>V</td>
<td>1974-78</td>
<td>592</td>
<td>350</td>
</tr>
<tr>
<td>VI</td>
<td>1980-85</td>
<td>1945</td>
<td>1353</td>
</tr>
<tr>
<td>VII</td>
<td>1985-90</td>
<td>3249</td>
<td>1304</td>
</tr>
<tr>
<td>VIII</td>
<td>1992-97</td>
<td>6334</td>
<td>3085</td>
</tr>
<tr>
<td>IX</td>
<td>1997-02</td>
<td>8384</td>
<td>2050</td>
</tr>
<tr>
<td>X</td>
<td>2002-07</td>
<td>21440*</td>
<td>13056</td>
</tr>
</tbody>
</table>

(Ruddar Datt, KPM Sundharam, Indian Economy, S.Chand & Company, New Delhi, 2005.

4.4 INSTITUTIONAL SUPPORT TO SMALL ENTREPRENEURS

National Small Industries Corporation Ltd. (NSIC)

The National Small Industries Ltd. (NSIC), an enterprise under the Union Ministry of Industries, was set up in 1955 to promote, aid and foster the growth of small scale industries in the country. NSIC provides a wide range of services, predominantly promotional in character to small scale industries.
Small Industries Development Organisation (SIDO)

Small Industries Development Organisation (SIDO) is a subordinate office of the Department of SSI & ARI. It is an apex body and nodal agency for formulating, co-ordinating and monitoring the policies and programmes for promotion and development of small scale industries. Development Commissioner is the head of the SIDO. He is assisted by various directors and advisers in evolving and implementing various programmes of training and management consultancy, industrial investigation, possibilities for development of different types of small scale industries, development of industrial estates, etc. The main functions of SIDO are classified into (i) co-ordination, (ii) industrial development, and (iii) extension. These functions are performed through a national network of institutions and associated agencies created for specific functions at present. The SIDO functions through 27 offices, 31 Small Industries Service Institutes (SISI), 37 Extension Centres, 3 Product-cum-Process Development Centres, and 4 Production Centres. All small scale industries except those falling within the specialized boards and agencies like KVIC, Coir Boards, Central Silk Board, etc. fall under the purview of the SIDO.

Small Scale Industries Board (SSIB)

The Government of India constituted a Board, namely, Small Scale Industries Board (SSIB) in 1954 to advise on development of small scale industries in the country.
The SSIB is also known as Central Small Industries Board. The range of developmental work in small scale industries involves several departments/ministries and several organs of the Central/State Governments. Hence, to facilitate co-efficient-ordination and inter-institutional linkages, the small scale industries board has been constituted. It is an apex advisory body constituted to render advice to the Government on all issues pertaining to the development of small scale industries.

The Industries Minister of the Government of India is the Chairman of the SSIB. The SSIB comprises 50 members including State Industry Minister, some Members of Parliament, Secretaries of various Departments of Government of India, financial institutions, public sector undertakings, industry associations and eminent experts in the field.

**State Small Industries Development Corporations (SSIDC)**

The State Small Industries Development Corporations (SSIDC) were set up in various States under the Companies Act, 1956, as State Government Undertakings to cater to the primary developmental needs of the small, tiny and village industries in the State/Union Territories under their jurisdiction. Incorporation under the Companies Act has provided SSIDCs with greater operational flexibility and wider scope for undertaking a variety of activities for the benefit of the small sector.

**Small Industries Service Institutes (SISIs)**
The Small Industries Services Institutes (SISIs) were set up in various States under the Companies Act, 1956, as State Government Undertaking to cater to the primary developmental needs of the small, tiny and village industries in the State/Union Territories under their jurisdiction. Incorporation under the Companies Act has provided SSIDCs with greater operational flexibility and wider scope for undertaking a variety of activities for the benefit of the small sector.

**Small Industries Service Institutes (SISIs)**

The small industries service institutes (SISIs) are set up to provide consultancy and training to small entrepreneurs—both existing and prospective. The activities of SISIs are co-ordinated by the Industrial Management Training Division of the DCSSI’s office. There are 28 SISIs and 30 Branch SISIs set up in state capital and other places all over the country.

**District Industries Centres (DICs)**

The District Industries Centres (DICs) programme was started on May 8, 1978 with a view to providing integrated administrative framework at the district level for promotion of small scale industries in rural areas. The DICs are envisaged as a single window interacting agency with the entrepreneur at the district level. Services and support to small entrepreneurs are provided under a single roof through the DICs. They are the implementing arm of the Central and State Governments of the various schemes and programmes. Registration of small industries is done at the district industries
centres. The SEEUY/PMRY for employment generation is also implemented by the DICs.

The organisational structure of DICs consists of one General Manager four Functional Managers and three Project Managers to provide technical service in the area relevant to needs of district concerned. Management of the DIC’s done by the State Governments. The scheme has now been transferred to the states and from the year 1993-94, funds will not be provided by the Central Government to the States for running the DICs.

4.5 GROWTH OF ENTREPRENEURSHIP IN INDIA

That a proper understanding of the growth of entrepreneurship of any country would evolve within the context of the economic history of the particular country becomes the subject matter of this section. The growth of entrepreneurship in India is, therefore, presented into two sections viz. Entrepreneurship during Pre-Independence and Post-independence.

4.5.1 Entrepreneurship during Pre-Independence

The evolution of the Indian entrepreneurship can be traced back to even as early as Rigveda, when metal handicrafts existed in the society. R.V. Rao, (1969) This would bring the point home that handicrafts entrepreneurship in India was as old as the human civilization itself, and was nurtured by the craftsman as a part of their duty towards the society. Before India came into contact with the West, people were
organized in a particular type of economic and social system of the village community. Then, the village community featured the economic scene in India. The Indian towns were mostly religious and aloof from the general life of the country. The elaborated caste-based diversion of workers consisted of farmers, artisans and religious priests (the Brahmins). The majority of the artisans were treated as village servants. Such compact system of village community effectively protecting village artisans from the onslaughts of external competition was one of the important contributing factors to the absence of localization of industry in ancient India. M.U.Deshpande (1984)

Evidently, organized industrial activity was observable among the Indian artisans in a few recognizable products in the cities of Banaras, Allahabad, Gaya, Puri and Mirzapur which were established on their river basins. Very possibly, this was because the rivers served as a means of transportation facilities. These artisan industries flourished over the period because the Royal Patronage was to them to support them. The workshops called ‘Kharkhanas’ came into existence. The craftsmen were brought into an association pronounced as ‘guild system’. On the whole, perfection in art, durability beyond doubt and appeal to the eye of the individual were the distinguishing qualities inherent in the Indian craftsmanship that brought much ever lasting laurels of name and fame to the illustrious India in the past. To quote, Bengal enjoyed world-wide celebrity for corah, Lucknow for citizens, Ahmedabad for dupptas and Dhotis, Nagpur for silk-bordered cloths, Kashmir for shawls and Banaras for metal wares. Thus, from the
immemorial till the earlier years of the eighteenth century, India enjoyed the prestigious status of the queen of the international trade with the help of its handicrafts.\footnote{cxi}

The actual emergence of manufacturing entrepreneurship can be noticed in the second half of the nineteenth century. Prior to 1850, some stray failure attempts were, indeed, made by the Europeans to set up factories in India. In the beginning the Parsis were the founder manufacturing entrepreneurs in India. Ranchodlal Chotalal, 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 at Ahmedabad. Howard Spodek (1965)\footnote{cxi}

In the first wave of manufacturing entrepreneurship, except Parsis, all others hailed from non-commercial communities. Why the well-known commercial communities, namely, Jains and Vaishyas of Ahmedabad and Baroda, lagged behind in entrepreneurial initiative throughout the nineteenth century can be explained by two factors. Firstly, the improvement of business climate in the countryside during this period result in an increase in the quantum of trade which assumed quick returns on investments. This proved the commercial activity more lucrative during the period. Secondly, it can also be attributed to their conservative attitude to change from commercial entrepreneurship to industrial entrepreneurship. Dwijendra Tripathi (1971).\footnote{ciii}
The Swadeshi campaign, i.e., emphasis on indigenous goods, provided, indeed, a proper seedbed for inculcating and developing nationalism in the country. It was the influence of Swadeshi that Jamshedji Tata even named his first mill ‘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.”

Arun Joshi (1975)

The second wave of entrepreneurial growth in India began after the First World War. For various reasons, the Indian Government agreed to ‘discriminating’ protection to certain industries, even requiring that companies receiving its benefits should be registered in India with rupee capital and have a proportion of their directors as Indians. The advantages of these measures were mostly enjoyed by the Indians. The Europeans failed to harness the protectionist policies to their interests. A.K. Bagchi (1970)

A.F.Brimmer (1955) holds the opinion that Agency Houses emerged to overcome the limitations imposed by a shortage of venture capital and entrepreneurial acumen though all may not agree squarely with this view.

4.5.2 Entrepreneurship during Post-Independence

After taking a long sigh of political relief in 1947, the Government of India tried to spell out the priorities to devise a scheme for achieving balanced growth. For this purpose, the Government came forward with the first Industrial Policy, 1948 which was
revised from time to time. The Government in her various industrial policy statements identified the responsibility of the State to promote, assist and develop industries in the national interest. It also explicitly recognised the vital role of the private sector in accelerating industrial development and, for this, enough field was reserved for the private sector. The Government took three important measures in her industrial resolutions:

i) to maintain a proper distribution of economic power between private and public sector;

ii) to encourage the tempo of industrialization by spreading entrepreneurship from the existing centres to other cities, towns and villages, and

iii) to disseminate the entrepreneurship acumen concentrated in a few dominant communities to a large number of industrially potential people of varied social strata. W. Malenbaum, (1962)

To achieve these adumbrated objectives, the Government accorded emphasis on the development of small scale industries in the country. Particularly since the Third Five Year Plan, the Government started to provide various incentives and concessions in the form of capital, 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. This was, indeed, a major step taken by the Government to initiate interested people of varied social strata to enter the small scale manufacturing field. Several institutions like Directorate of Industries, Financial Corporations, small scale industries corporations and small industries service institute were also established
by the 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 recapitulation of review of literature regarding entrepreneurial growth in India is a pointer to the fact that prior to 1850, the manufacturing entrepreneurship was negligible lying dormant in artisans. The artisan entrepreneurship could not develop mainly due to inadequate infrastructure and lukewarm attitude of the colonial political structure to the entrepreneurial function. The East India Company, the Managing Agency Houses and various socio-political movements like Swadeshi campaign provided, one way or the other, proper seedbed for the emergence of the manufacturing entrepreneurship from 1850 onwards.

The wave of entrepreneurial growth gained sufficient momentum after the Second World War. Since then, the entrepreneurs have increased rapidly in numbers in the country. Particularly, since the Third Five Year Plan, small entrepreneurs have experienced tremendous increase in their numbers. But, they lacked entrepreneurial ability, however. The fact remains that even the small entrepreneurship continued to be dominated by business communities though at some places new groups of entrepreneurs too emerge. Also, there are examples that some entrepreneurs grew from small to medium-scale and from medium to large-scale manufacturing units during
the period. The family entrepreneurship units like Tata, Birla, Mafatlal, Dalmia, Kirloskar and others grew beyond normally expected size and also established new frontiers in business period. Notwithstanding, all this happened without the diversification of the entrepreneurial behaviour so far as its socio-economic ramifications are concerned.

4.6 TYPES OF ENTREPRENEURS

Clarence Danhof (1949) on the basis of his study of American Agriculture classified entrepreneurs in the manner that at the initial stage of economic development, entrepreneurs have less initiative and drive and as economic development proceeds they become more innovating and enthusiastic. This suggests what types of entrepreneurs will emerge out in an economy will depend upon the levels of development achieved in that particular economy. Based on this, Danhof classified entrepreneurs into four categories.

Innovative Entrepreneurs

An innovative entrepreneur is one who introduces new goods, introduces new methods of production, discovers new markets and reorganizes the enterprise. It is important to note that such entrepreneurs can work only when a certain level of development is already achieved and people look forward to change and improvement. Schumpeter’s entrepreneur was of this kind. These types of entrepreneur largely emerge in developed countries like U.S.A., U.K., Japan, etc. Such entrepreneurs are also
called innovators. With their competence and inventiveness, they invent new products. Their interests lie in research and innovative activities.

Imitative or Adaptive Entrepreneurs

They are characterised by their willingness to adopt successful innovations introduced by innovative entrepreneurs. Imitative entrepreneurs do not innovate changes themselves. They only imitate techniques and technology innovated by others. Such types of entrepreneur are particularly suitable for the developing countries, for introducing whatever that is already available in developed and advanced countries.

The reason for the backwardness of the underdeveloped countries lies in the fact that they are deficient in innovating and imitating type of entrepreneurs who are found in abundance in developed countries. Men are needed who can imitate technologies and products to suit the conditions prevailing in such countries. There will be a need for changing and adjusting the new technologies to suit their specific conditions. Such countries, primarily need imitators, who are capable of transforming the system with limited resources. As India is a developing country, we need more imitative entrepreneurs for introducing the available technology in advanced countries.

Fabian Entrepreneurs
Fabian entrepreneurs are characterised by great caution and skepticism in experimenting any change in their enterprises. They imitate only when it becomes perfectly clear that failure to effect any change would only result in a loss of relative position of the enterprise. Such entrepreneurs have neither the will to introduce changes nor the desire to adopt new methods innovated by the most enterprising entrepreneurs. Such entrepreneurs are shy and lazy. Their dealings are determined by custom, religion, and tradition and past practices. They are not interested in taking risks and they try to follow the footsteps of their predecessors.

**Drone Entrepreneurs**

They are characterised by their refusal to utilise opportunities to make changes in production. Such entrepreneurs may even suffer loss, but they do not make changes in production methods. They are laggards because they continue their business in the traditional way and their products lose the marketability. Ultimately, their operations become uneconomical and they are pushed out of the market.
CHAPTER V

THE ENTREPRENEURIAL ANTECEDENTS – AN ANALYSIS