CHAPTER – II

ENTREPRENEURSHIP DEVELOPMENT – AN OVERVIEW
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The researcher has briefly explained the study concepts in this chapter.

2.1 ENTREPRENEUR

Good Entrepreneur can create a healthy economy. The work ‘entrepreneur’ has been taken from the French language where it cradled and originally meant to designate an organizer of musical or other entertainments. Oxford English dictionary (1897) also defined an entrepreneur in similar way as “the director or a manager of a public musical institution, one who gets-up entertainment, especially musical performance”. In the early 16th century, it was applied to those who were engaged in military expeditions. It was extended to cover civil engineering activities such as construction and fortification in the 17th century. It was only in the beginning of the 18th century that the word was used to refer to economic aspects. In this way, the evaluation of the concept of entrepreneur is considered over more than four centuries. Since then, the term ‘entrepreneur’ is used in various ways and various views. These views are broadly classified into three groups, namely, risk-bearer, organizer and innovator.

The entrepreneurs play a pivotal role of the generation of new employment, participation in developing, planning and helping to build a strong national industry. The entrepreneurs accelerate the economic development of any country with special reference to undeveloped countries and at the same time affect the environment in a way which produces favourable climate for its growth. The economic prosperity of any country depends on the entrepreneurial competence. Entrepreneurial efforts
ensure an improved allocation of resources and to transfer the relevant know-how to other countries.

Entrepreneur as an agent who buys factors of production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future.

An Entrepreneur is one who combines the land of one, the labor of another and the capital of yet another and thus, produces a product. By selling the product in the market, he pays interest on capital, rent on land and wages to labourers and what remains is his / her profit.

The entrepreneur organizes and operates an enterprise for personal gain. He pays current prices for the materials consumed in the business, for the use of the land, for the personal services he employs and for the capital he requires. He contributes his own initiative, skill and ingenuity in planning, organizing and administering the enterprise. He also assumes the chance of loss and gain consequent to unforeseen and uncontrollable circumstances. The net residue of the annual receipts of the enterprise after all costs have been paid, he retains for himself.

The function of the entrepreneur is to reform or revolutionize the pattern of production by exploiting an invention or more generally an untried technological method of producing a new commodity or producing an old one in a new way, opening a new source of supply of materials or a new outlet for products, by organizing a new industry.

Entrepreneurs are the most important person in economic life and natural resources gain value by their ingenuity, if there is failure, they forge success through failure knowledge to ensure 'social and economic stability' in the 'long run.'
2.1.1 URGES OF AN ENTREPRENEUR

An urge to exercise power over things and objects persists among all human beings. The urge may vary in degree from person to person. This urge is an intrinsic quality of an entrepreneur. Sociologists consider him as a sensitive energizer – in the modernization of societies. The psychologists look upon him as an “entrepreneurial man”, his motivations and aspirations as conducive to development. Political scientists regard him as a leader of the system. To economists, he is a harbinger of economic growth. In all he combines entrepreneurial drive with leadership and innovativeness.

The entrepreneur is a critical factor in the socio-economic change. He is the key person who envisages new opportunities, new techniques, new lines of production, new products and co-ordinates all other activities. The entrepreneur is one of the most important inputs in the economic development of a country or of regions within the country. Entrepreneurial competence makes all the difference in the rate of economic growth. In India, state and private entrepreneurship co-exist. The small-scale industrial sector and business are left completely too private entrepreneurs. It is in this context that an increasingly important role has been assigned to the identification and promotion of entrepreneurs for this sector.

The need for a broad-based entrepreneurial class in India arises from the need to speed up the process of activating the factors of production, leading to a higher rate of economic growth, dispersal of economic activities, development in the standard of
living of the weaker sections of the society and involvement of all sections of the society in the process of growth.

Several factors go into the making of an entrepreneur. Individuals who initiate, establish, maintain and expand new enterprises constitute the entrepreneurial class. The socio-political and economic conditions, the availability of industrial technology and know-how, state of art and culture of business and trading, existence of markets for products and services and the incentives and facilities available for starting an industry or business, all have a bearing on the growth of entrepreneurship. A conductive environment is created through the policies and interest of the government in economic and industrial development.

2.1.3 QUALITIES OF AN ENTREPRENEUR

The important qualities of a successful entrepreneur are as follows,

i) Success and Achievement:

The entrepreneurs are self determined to achieve high goals in business, this achievement motive strengthened them to surmount the obstacles, suppress anxieties, repair misfortune and desire expedients, to run a successful business.

ii) Risk Bearer: Entrepreneur accepts risk they select a moderate risk situation rather than gambling or avoiding risk they understand and manage risk.

iii) Opportunity Explorer: Always entrepreneur identifies opportunities. He seizes opportunity and converts them into realistic achievable goals.

iv) Perseverance: Entrepreneur makes extreme efforts and work hard till the goal is successfully accomplished. They are deterred by uncertainties risks and difficulties coming in the way of achievement of ultimate goal.
v) Facing Uncertainty: Achievement oriented people tend to tackle an unfamiliar but interesting situation. They go ahead with solutions for the problems even without the guidelines.

vi) Feedback: Entrepreneur likes to have prompt immediate feedback of their performance.

vii) Independence: Entrepreneur likes to be their own master and wants to be responsible for their own decision. An entrepreneur is a job giver and not a job seeker.

viii) Flexibility: Entrepreneur makes decisions based on the prevailing situations. Successful entrepreneur do not hesitate in revising their decision. Entrepreneur is a person with open minds not rigid.

ix) Planner: Entrepreneur frames realistic business plans and follows them rigorously to achieve the objectives in a stipulated time limit.

x) Self Confidence: Entrepreneur directs his abilities towards the accomplishment of goals with the help of his strengths and weaknesses.

xi) Motivator: Entrepreneur influence and initiate people and make them think in his way and act accordingly.

xii) Stress Taker: Entrepreneur as a focal point he will make many right decisions, which may involve lot of physical and emotional stress. He keeps cool under a lot of tension while decision making.

Above discussed qualities determines entrepreneurs are born not made. In other words business family background, knowledge and skills, education and experience are essential for a successful entrepreneur.
2.1.4 TYPES OF ENTREPRENEUR

i. Innovating entrepreneurs: An innovating entrepreneur is one who introduces new goods, inaugurates new methods of production, discovers new market and reorganizes the enterprise.

ii. Adoptive or imitative entrepreneurs: These are characterized by readiness to adopt successful innovations inaugurated by innovating entrepreneurs. Imitative entrepreneurs do not innovate the changes themselves, they only imitate techniques and technology innovated by others.

iii. Fabian entrepreneurs: Fabian entrepreneurs are characterized by very great caution and skepticism in experimenting any change in their enterprises.

iv. Drone entrepreneurs: These are characterized by a refusal to adopt opportunities to make changes in production formulae even at the cost of severely reduced returns relative to other like producers.

2.1.5 FUNCTIONS OF AN ENTREPRENEUR

A successful entrepreneur recognizes the commercial potential of a product or service, design operating policies in marketing, production, product development and the organizational structure. He carries out the whole set of activities of the business. He has a high capacity for taking calculated risks and has faith in his own capabilities. An entrepreneur is expected to perform the following functions:

i) Assumption of Risk: the entrepreneur assumes all possible risks of business which emerges due to the possibility of changes in the tastes of consume, techniques of production and new inventions. Such risks are not insurable. If they materialize, the entrepreneur has to bear the loss himself. Thus, risk-bearing or uncertainty-bearing
still remains the most important function of an entrepreneur which he tries to reduce by his initiative, skill and good judgment.

ii) Business decisions: The entrepreneur has to decide the nature and type of goods to be produced. He enters the particular industry which offers him the best prospects and produces whatever commodities he thinks will pay him the most and employs those methods of production which seem to him the most profitable.

iii) Managerial functions: The entrepreneur performs the managerial function though they are different from entrepreneurial functions. He formulates production plans, sees to the finance, deals with purchase of raw materials, provides production facilities, organizes sales including management.13

2.2 ENTREPRENEURSHIP

Entrepreneurship is the process of identifying opportunities in the market place, arranging the resources required to pursue these opportunities and investing the resources to exploit the opportunities for long-term gains. It involves creating wealth by bringing together resources in new ways to start and operate an enterprise.

Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services.14

Entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity and through the communicative and management skills to mobilize human, financial and material resources necessary to bring a project to fruition.15
Entrepreneurship is a process, which involves various activities to be undertaken to start an enterprise. It is, thus, a process of giving birth to a new enterprise. In nutshell, entrepreneurship is what entrepreneurs do. It involves innovation and risk bearing. It is the dynamic process of creating incremental wealth. Individuals who assume the major risks in terms of equity, time and / or career commitment or provide value for some product or service create the wealth. The Product may or may not be new or unique, but the entrepreneur must somehow infuse value by receiving and locating the necessary skills and resources.

Entrepreneurship is an important facet of industrial growth and development of a nation. It is the backbone of a nation that sets its eyes on maximizing its performance in every field. The spirit of entrepreneurship brings about enthusiasm, persistence and the ability to seek entrepreneurial opportunities that lead to success.

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial psychic and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence. It is the indivisible process flourishes, when the interlinked dimensions of individual psychological entrepreneurship, entrepreneur traits, social encouragement, business opportunities, Government policies, availability of plenty of resources and opportunities coverage towards the common good, development of the society and economy.

Entrepreneurship as a distinct factor of production contributes to the economic development of an economy. The wide range of significant contributions that entrepreneurship makes to the economic development include promotion of capital formation, creation of immediate large-scale employment, promotion of balanced
regional development, effective mobilization of capital and skill, induction of backward and forward linkages, etc. The overall role of entrepreneurship in economic development of an economy is put as, “An economy is the effect for which entrepreneurship is the cause”.

A nation's ability to generate a steady stream of business opportunities can only come about when its people take to entrepreneurial activities. Entrepreneurs are essentially the engines of growth for a nation. There are several factors that go into making a successful entrepreneur, and he or she need not necessarily possess a strong business and financial background. On the contrary, well-conceived and well-directed training can always produce an outstanding entrepreneur. In addition, today's world with its burgeoning population offers limited avenues of employment. This makes entrepreneurship all the more necessary for self-employment and small business.

“Entrepreneurship is based on purposeful and systematic innovation. It includes not only the independent businessman but also company directors and managers who actually carry out innovative functions”17.

2.2.1 SCOPE OF ENTREPRENEURSHIP

Entrepreneurship and the economic development compliment each other. An economic system of country determines the nature and scope of entrepreneurship. Entrepreneurship can bring about drastic changes in the very structure of the economy. Entrepreneurship works in different ways in different economic systems such as capitalism, socialism and mixed economy.

i) Capitalism:

A capitalist economy represents free enterprise, means freedom to save and invest, free competition, consumer sovereignty and very less interference from the
government. Price of the product will be determined on the basis of the force of demand and supply with reference to cost of production. The entrepreneur controls of the activities with reference to the process of production and distribution. Entrepreneurs play vital and prominent role in the enterprise because; he controls domestic market by assuming the role of a competitor.

ii) **Socialism**:

Private entrepreneurship is absent in a socialist economic system. Economic and financial experts play important role in the development of entrepreneurship in the system. Such type of entrepreneurship mainly to serve the society not to mint money or to make profit only.

Central authority in the socialism economy is appointed by the Governmental to make policies, frame plans and procedures for the proper and efficient mobilization of resources and mobilization and allocation of resources into those industries of national prominence. In this system of economy private entrepreneur has neither a role nor responsibility.

iii) **Mixed Economy**:

The mixed economy is characterized by co-existence of both the private and public sectors in the same line of production. Consumer goods are left to the private enterprises. Government undertakes the production of capital goods.

In the mixed economy, restrictions are placed by the Government to eliminate the problems of monopoly capitalism. Government under this type of economy curbs the growth of monopolies and encourages competition. Mixed economy has built-in stabilizers which solve the problems of production, pricing and distribution in a better manner, apart from satisfying and helping in the various enterprise goals, mixed
economy also helps in reducing of inequality of incomes among people, fixation of minimum wages etc, in an efficient and effective way.

Thus entrepreneurship plays a great and vital role in all major economic systems. Its important stands beyond challenges and making of huge profit in every economic system.

2.2.2 ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

The word development is used in so many ways that its precise connotation is often baffling. Nevertheless, economic development essentially means a process of upward change whereby the real per capita income of a country increases over a long period of time.

The foremost classical economist assigned no significance to entrepreneurial role in economic development in his monumental work ‘An enquiry into the Nature and Causes of the Wealth of Nations’ published in 1776. Smith extolled the rate of capital formation as an important determinant of economic development. The problem of economic development was ergo largely the ability of the people to save more and invest more in any country. According to him, ability to save is governed by improvement in productivity to the increase in the dexterity of every worker due to division of labour. Smith regarded every person as the best judge of his own interest who should be left to pursue it to his own advantage. According to him, each individual is led by an ‘invisible hand’ in pursuing his / her interest. He always advocated the policy of laissez-faire in economic affairs. 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 shadowed—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 under-developed 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 visualized the entrepreneurs as the key figure in economic development because of his role in introducing innovations. Parson and Smelser described entrepreneurship as one of the two necessary conditions for economic development, the other being the increased output of capital. Harbison includes entrepreneurs among the prime movers of innovations, and Sayigh 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 needed, and this requires an
entrepreneurial ability. It is this ability that he perceives opportunities, which either others do not see or care about. Essentially, the entrepreneur searches for change, sees need and then brings together the manpower, material and capital required to respond the opportunity what he sees. Akio Morita, the President of Sony who adopted the company’s products to create Walkman Personal-Stereo and India’s Gulshan Kumar of T-Series who skimmed the audiocassette starved vast Indian market is the clearest examples of such able entrepreneurs.

The role of entrepreneurship in economic development varies from economy to economy depending upon its material resources, industrial climate and the responsiveness of the political system to the entrepreneurial function. The entrepreneurs contribute more in favourable opportunity conditions than in the economics with relatively less favourable opportunity conditions.

Viewed from opportunity point of view, the underdeveloped regions, due to the paucity of funds, lack of skilled labour and non-existence of minimum social and economic overheads are less conducive to the emergence particularly of innovative entrepreneurs. In such regions, entrepreneurship does not emerge out of industrial background with well developed institutions to support and encourage it. Therefore, entrepreneurs in such regions may not be an ‘innovator’ but an ‘imitator’ who would copy the innovations introduced by the innovative entrepreneurs of the developed regions. In these areas, according to McClelland’s concept of personality aspect of entrepreneurship, some people with high achievement motivation come forward to behave in an entrepreneurial way to change the stationary inertia, as they would not be satisfied with the present status that they have in the society.
Under the conditions of paucity of funds and the problem of imperfect market in underdeveloped regions, the entrepreneurs are bound to launch their enterprises on a small-scale. As imitation requires lesser funds than innovation, it is realized that such regions should have more imitative entrepreneurs. And, it is also felt that imitation of innovations introduced in developed regions on a massive scale can bring about rapid economic development in under-developed regions also. But, it does not mean that such imitation requires in any way lesser ability on the part of entrepreneurs. In this regard, Bema opines: “It involves often what has aptly been called ‘subjective innovation’, that is, the ability to do things which have not been done before by the particular industrialists, even though unknown to him, the problem may have solved in the same way by the others.” These imitative entrepreneurs constitute the main spring of development of underdeveloped regions.

Further, India which itself is an under-developed country aims at decentralized industrial structure to militate the regional imbalances in levels of economic development, small-scale entrepreneurship in such industrial structure plays an important role to achieve balanced regional development. It is unequivocally believed that small-scale industries provide immediate large-scale employment, ensure a more equitable distribution of national income and also facilitate an effective resource mobilization of capital and skill which might otherwise remain unutilized. Lastly, the establishment of Entrepreneurship Development Institutes and alike by the Indian Government during the last decades is a good testimony to her strong realization about the premium mobile role of entrepreneurship played in economic development. The important role that entrepreneurship plays in the economic development of an economy can now be put in a more systematic and orderly manner as follows,
i) Entrepreneurship promotes capital formation by mobilizing the idle saving of the public.

ii) It provides immediate large-scale employment. Thus, it helps reduce the unemployment problem in the country, i.e., the root of all socio-economic problems.

iii) It promotes balanced regional development.

iv) It helps reduce the concentration of economic power.

v) It stimulates the equitable redistribution of wealth, income and even political power in the interest of the country.

vi) It encourages effective resource mobilization of capital and skill, which might otherwise remain unutilized and idle.

vii) It also induces backward and forward linkages, which stimulate the process of economic development in the country.

viii) Last but no means the least; it also promotes country’s export trade i.e., an important ingredient to economic development.

Thus, it is clear that entrepreneurship serves as a catalyst of economic development. On the whole, the role of entrepreneurship in economic development of a country can best be put, as “an economy is the effect for which entrepreneurship is the cause”.

2.2.3 GROWTH OF ENTREPRENEURSHIP

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. The
growth of entrepreneurship in India is, therefore, presented into two sections, viz, entrepreneurship during Pre-Independence and Post-independence.

2.2.3.1 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. This would bring the point home that handicrafts entrepreneurship in India was as old as the human civilization itself and was nurtured by the craftsmen 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 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.

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 worldwide celebrity for corah, Lucknow for chinzes, Ahmedabad for dupatta 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.

Unfortunately, so much prestigious Indian handicraft industry, which was basically a cottage and small sector, declined at the end of the eighteenth century for various reasons.

These may be listed as:

1. Disappearance of the Indian Royal Courts, who patronized the crafts earlier;

2. The lukewarm attitude of the British Colonial Government towards the Indian crafts;

3. Imposition of heavy duties on the imports of the Indian goods in England;

4. Low-priced British-made goods produced on large scale which reduced the competing capacity of the products of the Indian handicrafts;

5. Development of transport of India facilitating the easy access of British products even to far-flung remote parts of the country;

6. Changes in the tastes and habits of the Indian, developing craziness of foreign products and

7. Unwillingness of the Indian craftsmen to adapt to the changing tastes and needs of the people.
Some scholars hold the view that manufacturing entrepreneurship in India emerged as the latent and manifest consequence of East India Company's advent in India. The company injected various changes in the Indian economy through export of raw materials and import of finished goods in India. Particularly, the Parsis established good rapport with the company and were much influenced by the company's commercial operations. The company established its first ship-builders of Bombay.

In 1677, Majee Dhanjee was given a contract for building the first large gunpowder-mill in Bombay for the East India Company. Besides, a Parsi foreman of a gun factory belonging to the company established a steel industry in Bombay in 1852. On the basis of these facts, it can be stated that the East India Company made some contribution towards entrepreneurial growth in India. But, whether the company did it deliberately for the growth of entrepreneurship in India or it was just a coincidence that people came in contact with the company and entered the manufacturing, nothing can be said with certitude.

The actual emergence of manufacturing entrepreneurship can be noticed in the second half of the nineteenth century. Prior to 1850, some stay 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. But before this, the first cotton textile-manufacturing unit was already set up by a Parsi, Cowasjee Nababhoy Davar in Bombay in 1854 followed by Nawrosjee Wadia, who
opened his textile mill in Bombay in 1880. The credit for the expansion of textile industries up to 1915 goes to the Parsis. Out of 96 textile mills existing in 1915, 43 percent (41) were set up by Parsis, 24 percent (23) by Hindus, 10 percent (10) by Muslims and 23 percent (22) by British citizens. Later, the Parsis invaded other fields, mainly iron and steel industry; also Jamshedjee Tata was the first Parsi entrepreneur who established the first steel industry in Jamshedpur in 1911.

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 resulted in the increase in the quantum of trade, which assured 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.

The swedeshi 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 Swedeshi that Jamshedji Tata even named his first mill ‘Swedeshi 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.”

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 has a proportion of their directors as Indians. The Indians mostly enjoyed the advantages of these measures. The Europeans failed to harness the protectionist policies to their interests. These measures helped in establishing and extending the factory manufacturing in India during the first four decades of the twentieth century. During these decades, the relative importance of Parsis declined and Gujaratis and Marwari Vaishyas gained that pendulum in India's entrepreneurial scene.

The emergence of Managing Agency System, which made its own contribution to the Indian Entrepreneurship, can be traced back to 1936 when Carr, Tagore & Co. assumed the management of Culcutta Steam Tug Association. The credit for this initiation goes to an Indian, Dwarkanath Tagore, who encouraged others to form joint-stock companies and invented a distinct method of management in which management remained in the hands of the 'firm' rather than an 'individual'. Historical evidences also do confirm that after the East India Company lost monopoly in 1813, the European Managing Agency Houses entered business, trade and banking. And, these housed markedly influenced eastern India's Industrial scene. It is stated that the Managing Agency Houses were the real entrepreneur for the period particularly in Eastern India. Brimmer 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.

Before we skip our review of entrepreneurial growth to the post-Independence era, it will be in the fitness of the things to shed some light on effects of partition on India's industrial economy so as to depict Independent India's industrial background.
2.2.3.2 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 recognized the vital role of the private sector in accelerating industrial development and, for this, enough fields 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 centers 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.

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 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 121619 in 1966 to 190727 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, thus, leads us to conclude 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 campaigns 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 placed new grew from small to medium-scale and form medium to large-scale manufacturing units during the period. The family entrepreneurship units like Tata, Birla, Mafatlal, Dalmia, Kirloskar and others grew beyond the normally expected size and also established new frontiers in business in this period. Notwithstanding, all this happened without the
diversification of the entrepreneurial base so far as its socio-economic ramification is concerned.

2.3 ENTREPRENEURSHIP DEVELOPMENT

For a long time it was held that entrepreneurship was a natural phenomenon. However, this view has been discarded not and it is theorized that it is to be developed. This process of entrepreneurial activation by people with the help of facilitating agencies is popularly labeled as entrepreneurship development. Recognizing this fundamental shift in entrepreneurship the development process was initiated in our country during the sixties in the form of industrial campaign. During the seventies systematic efforts were made for developing entrepreneurship. Gujaraj was the first state to start planned and systematic efforts on entrepreneurship development and it was followed by Andhra Pradesh, Karnataka, and Tamilnadu etc. In the North Eastern Region, Assam made pioneering efforts to start entrepreneurship development in a planned and systematic manner during the early seventies. Entrepreneurship development has now been accepted in our country as a strategy for achieving the twin objectives of rapid industrialization and solving the problem of unemployment in the country. In fact, it has now almost become a country wide movement.40

Many governments in developing countries recognize that small and medium-scale industries continue to play an important role in their socio-economic development. There is growing interest in developing programmes for stimulating and encouraging entrepreneurship development in these countries with this the entrepreneur becomes the focal point in economic activities, especially in developing countries.
The most commonly adopted approach to entrepreneurship development is training.

2.3.1 Approaches to Entrepreneurship Development

There are various approaches to entrepreneurship development which policy makers, planners, trainers and other officials involved in development may choose. This development could be achieved within the conceptual framework in which the various strategies and policies of an entrepreneurship development Programme are evolved or formulated. Three is need for a thorough discussion of the various theories and their implications for the organisations’ resources and capabilities. But however it is approached, entrepreneurship development should be viewed in the total perspective and should integrate entrepreneurial training, provision of incentives, consultancy services, sectoral development and other essential strategies of intervention. There are at least four major approaches:

i) Develop and arrange the course content by analyzing needs and stating outcomes.

ii) Choose the appropriate training methods

iii) Consider the subject area, the nature of learning, the trainee populations, the trainers themselves and time and material factors.

iv) Achieve training objectives

2.3.2 Training

Achievement motivation training is designed to increase the achievement orientation of the trainees with the idea that positive behaviour, such as striving for excellence, learning from feedback and moderate risk-taking, is initiated. Likewise, it
strengthens the ability of an individual to generate alternatives as well as to solve problems creatively. It also develops the ability to define and set goals in life. As such, entrepreneurship development is viewed as behaviour oriented. One of the factors contributing to the success of this training intervention in entrepreneurship development is that it is based on experience. In entrepreneurship training, learning by discovery is usually preferred. Here, one is able to learn from one’s actions and behaviour in training, learning by discovery is usually preferred. Here, one is able to learn from one’s actions and behaviour in training. Thus, the learning process becomes a positive reinforcement.

Although there are some variations of and/or models for this intervention the overall objective of this aspect of training is making the entrepreneur more professional. The Training intervention may also take the form of management skills development. Most entrepreneurs lack managerial skills and techniques needed to deal with the management problems of the enterprise. Therefore, for any entrepreneurship development Programme to succeed, it is important not only to motivate the trainees but also to provide them with all the skills necessary to run their business successfully.

2.3.3 Private Enterprise and Development

The existence of uncertainty in the economic call for the attention of environment means that there are limits to planning. These limitations call for the attention of entrepreneurs to play a leading role in the growth process.

Individual entrepreneurs such as farmers and small businessmen and individual enterprises such as manufacturing, construction, transport and wholesale enterprises and collective farms continually face risks. Whether they are privately or
publicly owned, they must take account of uncertainty. Private entrepreneurs and managers to private enterprises take risks, despite the heavy costs of failure because of the possibility of high profits or large bonuses. In any case, they must run their business efficiently if they are to make a profit and survive. The problem usually arises because major industrial decisions, which will affect the lives of thousands of ordinary people, are taken without proper planning and without public consultation. The result is that environmental activists have no choice but to fight a rear-guard action. This often gives the impression that environmental activists are against all growth and industry. In fact, they are more than conscious of the need for a balanced approach to growth and industry. All they say is that industrial decisions ought to be taken after considering the impact on environment and also that the public has a right to know all details.

Environmental activists have repeatedly pointed out the havoc caused by some of our petrochemical, heavy chemical, dyestuff and other polluting industries, as also the environmental damage caused by large-scale open mining, quarrying and deforestation, which will take decades to reverse. For their dogged determination, these environmentalists deserve our gratitude.

At the same time, it is now clear that technology has advanced significantly to allow efficient use of resources. Worldwide, industry has become conscious of the need to use renewable resources as far as possible and utilize non-renewable resources within planned limits. With potential development staking place in the industry, we should learn from past incidences of industrial disasters leading environmental disaster and ensure further growth, consistent with environmental protection.
In contrast, the managers of public enterprises tend to be risk-aversers. Indeed, risk-aversion is usually, and perhaps inevitably, the emphasis of public service training. Entrepreneurs and managers of these enterprises must be offered incentives to boost their efficiency and take risks. In this case, devising appropriate incentives become imperative. A variety of possible measures—some positive, such as bonuses for managers and some negative, such as budget and operational controls—can be used in the public sector; even so, the problem often remains intractable.

In an economy is made up of a large number of entrepreneurial units, risks can be spread among them. Even though some enterprises may fail, others will be successful and the economy as a whole can grow rapidly. When inefficient units do not have access to subsidies or to other public assistance, they must improve their competitive position or disappear. Such failures need not be excessively costly because the economy’s expansion created job and income earning opportunities for entrepreneurs and employees of falling enterprises. Some of these may be in “informal” or small scale activities and may not be counted in the formal employment sector. Nonetheless, they provide gainful employment.

Unfortunately, experience shows that private enterprises have to compete to survive. In most countries public enterprises are protected from failure by implicit or explicit subsidies. Public enterprises are often expected to create employment opportunities for political reasons. But allowing public enterprises to operate inefficiently will mean very heavy costs in the long run. It affects not only a country’s ability to produce efficiently but also its capacity to save and invest for future production. Private enterprise and entrepreneur’s can function smoothly and contribute to development only in an appropriate public policy environment.
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