Chapter III

Related Literature
Chapter III

Related Literature.

The entrepreneurial studies may fall into four broad categories, viz.,

(a) Studies in business/entrepreneurial history through scanning of newspapers, periodicals, historical records and other documents available from various sources.

(b) Studies based on questionnaire, survey and personal interview of entrepreneurs in an area:

(c) Studies based on interpretation of national or regional data pertaining to income, production, employment, etc., collected from various sources for contemporary period or reinterpretation of data supplied by the investigators:

(d) Biographies of business-men and industrialists or family histories.

A study may not however, belong to an exclusive category, but it can certainly have a particular focus. This section is intended to provide an overview of entrepreneurial studies in India. One will appreciate that it is well-nigh impossible to have a full count of studies here, as any study in Indian economic development will inevitably touch upon some entrepreneurial aspects also. The summary
is, therefore, by no means exhaustive, rather it could at best be regarded as illustrative. However, we present here a synoptic view of most of the studies directly focussing on Indian entrepreneurship, arranged in, more or less, a chronological order of their appearance.

(a) Studies in Indian Entrepreneurial History

Lamp traces the process of evolution of an industrial class in India and notes the reasons why industry is concentrated in Bombay and Bengal and why members of only certain communities could transform themselves into industrialists. After independence, he feels, the entrepreneurship is still concentrated in the same communities of Parsees, Gujaratis and Marwaris, but these successful business communities are apparently becoming less distinct and homogeneous than formerly. However, Lamb anticipates that two facts may eventually modify the towering positions of the three big communities. First with the spread of industry geographically, local business groups may take lead and second, in a culture which rather looks down on business motivation, those industrial families and communities which have already arrived may tend to move on out of business altogether into the more honorific professions. (1)

Radhara attributes the Indian Backwardness to the colonial rule and not to the lack of entrepreneurs
hip whose growth was autonomous. He also traces the evolution of early entrepreneurship in the middle of the 19th century and proves that once an opportunity for profit-making seemed to have been established, there were entrepreneurs, second rankers who were willing to move into industry. He repudiates the charge that the religions of India inhibited entrepreneurship. He also notes similarities and dissimilarities in entrepreneurship in the planning era with the tendencies noted before Independence and brings into sharp focus the changes that have occurred. (2)

Acharya suggests that the regional analysis, though helpful in understanding the rise of business class in Gujarat, does not explain all the interesting processes. It must be admitted, she opines, that exceptions apart, business men or for that matter entrepreneurs have sprung from certain cases who have tradition of business in their families. The analysis does not take account of variables like geographical environment, religion, economic activities, political conditions, ethics, etc. Pandit seems to take religion as the cause, and other factors as the consequences, while all these factors are mutually dependent and functionally related. (3)

Pandit attempts to understand the background of the creative response in the non-agricultural sector of Indian economy, with special reference to the entrepreneurial role of Indians. She chooses the 19th
century development in India, especially Gujarat, for analysis. She discards caste or religion as the traditional explanations for India's slow development in the 19th century and asserts that people of all religions and among Hindus from Non-bania castes participated in entrepreneurial activity. It is because Gujarati selling aid. The western ideas and contacts created a new ferment in Indian society, but the response to the new ethic was not always the same. Thus, she suggests, the "unexplained" exceptions prove to be the systematic channels to usher in the industrial revolution by a complex process of cultural change. (4)

Brimmer introduced non-Indian readers to the existence in India of a rather unusual type of industrial organization known as the Managing Agency System. He explains its origin and growth, and indicates some of the contributions it made to economic development. He argues that the managing agency system of industrial organization was the result of efforts by the British and Indian entrepreneurs to overcome the limitations imposed by the shortage of venture capital and business ability. He feels that most views have gone into the legal aspects of the system and discussed the "illegal acts" the acts of irresponsible agents received the most publicity and the achievements of those who used the system as an instrument of much needed development went unheralded. He, therefore, regards the system as an institution worthy of further study and appreciation different from the view most frequently taken and suggests
that the legal abolition of the managing agents would not result in removals of the agents as controlling factors. (5)

Gadgil traces the origins of modern Indian business class and describes the conditions of various business communities around 1970 and onwards. In tracing the rise and growth of modern Indian business, apart from important trading and financing communities of India, he pays considerable attention to non-Indian business men and their activities in India. He surveys the political situation about 1750, the condition of agriculture about 1750, extent of urbanization and the size of cities, trade routes and trading regions, the business communities and their regional distribution, British and European business, etc. He demonstrates that India had a highly developed business community which, apart from trading in respective regions, participated very actively in all maritime trade for and wide. It is a painstaking effort based on rare and scanty data to serve as a precursor for more thorough study. (6)

Bagchi gathers some of the relevant data about the functioning of European and Indian capitalist groups in India roughly from the years of the 'highnoon' of the British empire to the beginning of definitely protectionist policies, i.e., 1900-1930. He makes a distinction between the capitalist groups operating in western, eastern, southern and northern India, and lays bare some features of domination of the Indian economy by European capital otherwise obscured in aggregative analysis. He concentrates
mainly on the situations in Bombay and Calcutta. Bagchi
discusses some popular notions like Indian businessmen not
being interested in industry for lack of quick return,
Bengalis being averse to trade and industry and their
preference for the liberal professions, etc., responsible
for the late emergence of Indian industrial entrepreneurs-
ship. There were enterprises started by people with diverse
backgrounds, but it was the colonial policy which militated
against the entrepreneurs in general and the non-parsi
Indians in particular. Nor were the European industrialists
in India particularly noted for innovations. (7)

Dwijendra Tripathi questions the scholars of Indian economic
history, who, following the lead given by Max Weber, have
either stressed sociological factors like caste and religion
to explain the economic backwardness of India or blamed the
policies of the British Government. Apart from business
being held in low esteem and the taxation policy of the
government, he identified factors like lack of political
unity, effective communication system, property protection,
and presence of a network of customs barriers, innumerable
systems of currency, arbitrary exchange rates, regional markets,
etc., responsible for absence of 'climate of enterprise'.
So there was no inducement for a major entrepreneurial
breakthrough to those who were already in business and not
tempting enough for non-commercial class to give up their
traditional professions. But when the material environment
changed, the so called Hindu value system transformed itself
even to permit the entry of non-business classes into industrial ventures. The behaviour of Hindus changed significantly, despite the fact that the rituals remained intact. He is therefore, of the opinion that if entrepreneurship is a response to disequilibrium between the perceivable opportunities and their effortation, a strong constellation of forces which led to the perception of new opportunities may yield more satisfactory results. (8)

Amlendu Guha traces the growth of the Parsi business community, in particular in its traditional phase over a period of 100 years till 1850. He shows that the Parsi community made a multi dimensional progress including high organization of finance and by the mid - 19th century itself, the Parsi mercantile capital was ripe for industrial transformation. However, despite their cooperation and collaboration, the then ruling power, by discouraging the incipient ship - building and navigation industry, halted and distorted a potential industrialization process. But he believes that neither religion nor puritanism explains the achievement orientation of the Parsis. Their success, according to him, has to be largely explained with reference to their greater ability to adjust themselves to the European power under changed political circumstance. (9)

Kind explains the circumstances surrounding the emergence of the managing agency, system in India and describes the story of Carr, Tagore and Company, the first managing agency firm. On the basis of functioning of this organi-
ration, he brings out the defects associated with the managing agency system and also most of the characteristics of the matter managing agents. (10)

Pavlov makes a historical survey of the Indian capitalist class. He throws light on the basic laws governing the origin and the development of capitalist enterprises in the national industry of India. The specific features of the development of the Indian bourgeoisie upto the general crisis of capitalism is the problem which has been examined by him in greater details. The formation process often Gujarati and the Marwari bourgeoisie in a most comprehensive way. So he concentrates his study on these two groups while analysing the rise of the upper strata of the India bourgeoisie. (11)

Spodok attempts to demonstrate that the pre-industrial heritage of industrial institutions of Ahmedabad has played a significant role in endowing the cotton textile industry with its unique self-contained pattern. The union of family and business structures imposed double and sometimes conflicting values: as a business concern the goal was to maximise profits but as a family it was to maintain stability. This pattern restricted contact with newer channels of information and technology and emphasized tradition. Business, social and civil life intervened to amplify the concentration on business and the concern for stability. Guilds served as the focus
for these various stands. While guilds were not organized solely along caste lines they were predicted on the existence of business and trade groups which were dominated by the specific castes. Guild functions buttressed instability and conservatism of the bania community. This community entered the textile industry with marked hesitancy — outsiders (means outside bania community) promoters the first mills. The industry could not expand without bania financial support, but, once banias did begin to promote their own mills, growth was rapid. As the city of Ahmedabad got industrialized, they adapted for the new conditions many of their pre-industrial institutions, notably the family firm and a modified guild system of organisation vis-à-vis merchant and labour guilds. (12)

Morris demolishes the widely held view that the Indian value system and the social structure are obstacles to economic growth or change. The Indian caste system has behaved historically the same way as extended kin groups elsewhere and therefore, entrepreneurial seems to reflect primarily the limited scope of economic opportunities rather than any specific form of social structure.

In fact, the career of the cotton textile industry in which competition with Britain was sharpest, political pressures from Manchester were very great and there was virtually no tariff protection, suggests that native capital and entrepreneurship were aggressive, rational
and creative. Their behaviour indicates economically rational responsiveness to available technology and to factor-prince relationships differing little from that in the west. He also noticed inter-jati cooperation among the Ahmedabad and Bombay enterprisers in the modern sector as well as in traditional business activities. He concludes that the Indian society has historically exhibited a reasonably high degree of fluidity and so little can be said definitely about the influence of casts on economic change. (13)
Ramkrishnan surveys 94 small-scale units employing five or more persons in 11 important industry groups, mostly covering non-traditional items of manufacture, in urban Delhi. The study is confined to those units which came into operation in 1965 or after and those who operate them have been designated as 'new' entrepreneurs. Apart from statistical details regarding the units, a good deal of information concerning entrepreneurs themselves, their social, educational and occupational backgrounds, their motivations, expectations and reactions to governmental schemes of assistance has been presented. Ramkrishnan has also collected data relating to the entrepreneurs who failed to commence production and those who dropped out after production began. (14)

McCrorry makes case studies of 17 small-scale firms in a North Indian town (area served by Grand Trunk Road between Kanpur and Amritsar) fictitiously termed as "Chopur" (14 firms) and Moradabad (3 firms) in U.P., with a view to discover whether there are typical patterns of growth in the small machine industries and to isolate, by comparing the case histories of individual enterprises, the factors that seem most commonly associated with growth, decline or stagnation. He focuses his attention on the craftsman-entrepreneur whom he regards as a needed source of "good" industrial entrepreneurs. He analyses the reasons for the high mortality rate and lack of growth
their firms and makes policy recommendations for providing
them an opportunity to grow, especially through provision
of capital. (15)

Birendra Narain Singh conducts a study of 25 firms of
small size - only 6 firms having assets worth ₹ 0.5
million and more, operating in the light engineering
industry in Agra. He gives distribution of firms studied
into size groups based on total assets and employment, and
observes almost a proportional increase in employment
with an increase in the size of assets. The dominance
of Agarwal merchants and manufacturers, profit motive as
the main force, no relationship between the traditional
business and the present manufacturing activity and no
firms having borrowed any fund from the financial agencies,
private as well as public, or received government aid for
their initial financing are some of his other important
findings. (16)

Shoji Ito concerns himself with the formation of business
combines by members of the Nattukottai Chettiar community.
He elucidates the peculiarities seen in the process of
the formation of business combines. He argues that funda-
mentally the rationale of the characteristics of the
Indian industrial structure of the extremely early and
rapid formation of the business combines— cannot be grasped
in the dimension of the individuals. Through an analysis
of the business combination movement among the enterprises
formed by members of the Nattukottai Chettiar community,
he finds a tendency for the familial bonds to be strengthened and consequently, as an objective result, for the group to be strengthened. But it is not that the traditional familial bonds caused the formation of business combines in India, but some other factors caused both the formation of the business combines and strong survival of the familial bonds. He suggests that enterprises or groups of enterprise which adjust themselves in response to this pressure would go on expanding at a more rapid rate than other enterprises, while on the other hand enterprises which prove incapable of responding to it would relatively be forced into a decline. He feels a thorough study of the total history of the formation of the Indian business combines is required to answer this question. (17)

Baldwin attempts to gain understanding of the problems facing medium and large-scale manufacturing industries in India. He selected 37 companies for purposes of case studies and includes firms representative of the principal types of ownership (public as well as private) and of major industries in South India, three-quarters of which are located in erstwhile Mysore State. These case studies range from the comprehensive and lengthy treatment of entire enterprises to some where only a few key problems are sketched briefly. Three broad problems confronting each firm viz., the sources of finance, the managerial structure and the handling of certain universal labour problems receive his major attention. He focuses
on the ways in which a particular entrepreneur operates. Most of the negative and uncomplimentary second-hand stereotyped images about Indian entrepreneurs and managers' business behaviour are found by him to be misleading and wrong. (18)

Berns conducts a study of 52 medium-scale manufacturing firms engaged in various kinds of light engineering production in and around Madras City and Coimbatore. He investigates the background of a group of entrepreneurs, the way in which they made the transition to industry, and the problems they faced in establishing and building up their enterprises. He also attempts some evaluation of their performance as industrial entrepreneurs on the basis of the growth of firms and technology, and entrepreneurs' mobility in adapting to changing circumstances. Surprisingly, he finds that his firms have mostly grown from small beginnings and his entrepreneurs have come from a wide range of social and economic backgrounds. Interestingly, the largest single group of entrepreneurs (exceeding 23%) is composed of graduate engineers, most of them young, and nearly half of them possessing foreign engineering degrees. In the face of formidable obstacles, their enterprises have grown, but they show little awareness of the need for closer contact with workers or of the need for improving working conditions. The entrepreneurial mobility is displayed by diversifying production and shifting into new
lines of activity, but their performance in the area of
 technological improvement is much less impressive. He
 also makes recommendations for policies. (19)

Haslehurst conducts a research in Ram Nagar (pseudonym)
 located in the north-west of Delhi in district Ambala
 (Haryana). He makes a study of the Khatris and Aroras,
 refugees from Pakistan and Aggarwal Bania and Sud castes
 settled in Ram Nagar prior to partition and the arrival
 of the refugees. He draws a distinction between the cul-
tural and structural dimensions of caste and also assesses
 the significance of the relationship between factors of
 "modernity" and the functioning of the caste system among
 merchants. He, first of all, sets forth characteristics
 of the city of Ram Nagar and cites the significant features
 which differentiate the two merchant communities. Then, he
 examines in more detail the make-up of Aggarwal Bania and
 Suds, and sets forth the relatively unstable points of
 articulation and discord within the community in specific
 situations requiring economic and political decisions. (20)

Krishan Lal Sharma has examined entrepreneurial performance
 in UP through 'role' frame of analysis. His sample includes
 100 small-scale units of Kanpur, Agra, Firozabad, Varanasi
 and Meerut. The role—the behaviour and value pattern of
 the entrepreneur in a manufacturing unit as prescribed
 by the society or significant individuals or groups of
 individuals is treated as the criteria for evaluation of
 entrepreneurial performance. He considers those role
 expectations which are supposed by the role partners to
 lead the focal persons to the achievement of the core goals.
The entrepreneurs, the government officials concerned with entrepreneurial activities, the trade union leaders and the secretaries of employers' associations have been considered as the prescribers of the entrepreneurial roles, also termed as the members of entrepreneurial role-set. Only those roles which are really effective in increasing the margin of profit, in expanding the units in various terms, and in overcoming various problems are selected as the standards of evaluation. Evaluation of entrepreneurial performance in terms of selected roles or evaluative standards has been done at three levels, i.e., value orientation, behavioural commitment and achievement of entrepreneurs. The study has explained four stages of entrepreneurial growth, viz., entry to manufacturing, efforts to establish markets, establishment of business and sustained growth of unit after the proper establishment of business. For identifying the effective role definers, 10 entrepreneurs and to explicate the interests of the entrepreneurial role partners, the core goals and the other role expectations instrumental to the achievement of entrepreneurial core goals, 20 entrepreneurial role partners have been interviewed. Sharma also analysed the effect of the socio-economic background of entrepreneurs on their performance in the theoretical frames provided by Weber, McClelland and other scholars. (21)

Noboru examines the relationship between the process through which entrepreneurs in India have grown into the powerful combines and the changes which have taken place
in the social environment of the country with the two cities of Bombay and Calcutta as the axes. He feels that the persons placed in charge of government enterprises, founded on the basis of modern administrative organisation and technology, would be entrepreneurs different from the traditional ones and emphasise new economic values and motives. Therefore, he directs his attention to the issues involving government enterprises and deals with economic development and human ability by examining the mutual relationships between private enterprises and those owned by the government. (22)

Gaikwad and Tripathy conduct a study of Tanuku region of West Godavari district in Andhra Pradesh. Apart from the Mullapudi family of Harishchandra Prasad and their growing large-scale concern—the Andhra Sugars Ltd.—the main focus of the study, they select ten other entrepreneurs who had started industries after 1947 and a purposive sample of 15 entrepreneurs in trade. After examining the enterprise of the Mullapudi family, they identify 11 elements essential in entrepreneurs for achieving high level of growth. None of the entrepreneurs possesses all the elements, but this is not indicative of dearth of ambitious persons with high initiative and motivation. The lacunae that they notice are: lack of (i) expert technical advice and guidance; (ii) exposure to modern technology and methods; and (iii) timely financial help. They find that among these other entrepreneurs, none has any technical qualification, any
definite idea about the governmental policies or a visit abroad and most of them did not have strong economic base or contacts at higher political and administrative levels. These entrepreneurs have, no doubt, expanded their industries manifold but none has diversified the product or started new industries or come anywhere near Harishchandra Prasad's industry. The tradesmen feel that the industrialists enjoy a better status and some of them would like their sons to go for industry. (23)

Pathak examines 12 units over a period of two years—seven during 1969-70 and five during 1970-71 with a view to evaluate entrepreneurship. All of these units have been selected from industrial estates enjoying almost identical overhead facilities and are engaged in different lines of manufacture. He studies their problems at three stages— inception, operational and expansion/diversification and delineates the requirements of entrepreneurial/managerial abilities at different stages. He throws considerable light on how an entrepreneur in the field of small-scale industry perceives an opportunity and starts an industrial unit. He finds factors like contacts, education and finance, playing an important part. Inevitably, the problem at the inception stage receives relatively more attention than at the remaining two stages. He also indicates some policy implications of his conclusions. (24)

Oommen examines the emerging pattern of entrepreneurship in the small-scale sector of Kerala by studying (a) the
origin and growth of firms in the light engineering industry, and (b) the impact of government programmes like industrial estates and rural industries project on entrepreneurship. For this purpose, he chooses forty-five entrepreneurs and studies their social, economic and technical backgrounds. To examine the performance of each entrepreneurial class, he compares employment, investment and annual turnover over time by the different categories of entrepreneurs. Some of his interesting findings are that 10 out of 45 units are run by entrepreneurs from outside the state. The single largest group of entrepreneurs consisted of engineers and technicians as in the case of Benna's study. Most of the merchants who have taken to industry are Muslims. Relating the number of registered small-scale units in Kerala to its population, he finds that the availability of entrepreneur-managers (0.17) falls considerably short of the normal requirements of industrialisation (5 entrepreneur-managers per 1,000 total population). (25)

Nafziger conducts a study of 54 entrepreneurs of small-scale manufacturing enterprises in the south eastern port city of Visakhapatnam (Vizag), Andhra Pradesh. He compares data on the distribution of entrepreneurs by caste, and class (parental, economic and occupational status) with information of the population at large, and relates to the educational attainment, occupational background, entrepreneurial and managerial experience, initial capital, access to governmental assistance, and business success of the entrepreneurs. He
uses the value added of the firm and the income class of
the entrepreneurs as the major indicators for business
success. He finds that a highly disproportional number of
the entrepreneurs (especially successful ones) are from
twice-born castes and from families with a high economic
status. His data contradict the Horatio Alger myth of
Western business and economic thought, and suggest that the
socio-economic class status of businessmen is substantially
higher than the general population not only in India, but
probably also in a large part of the rest of the nonsocialist
world. (26)

Bhatia investigates into the history and present situation
of fifty manufacturing firms located in Punjab state. The
firms are small, having less than 50 workers. He studies
the socio-economic background of entrepreneurs, their attitudes
towards industry, the ways in which they have made the
transition to industry and the problems they have faced in
establishing and building up their enterprises. He finds
that entrepreneurs belong to all sectors: services, trading,
factory workers, students, manufacturers, and farmers in
this order. The percentage distribution of entrepreneurs
ranges between 22-14 excepting for farmers (8%). The local
community of Khatris is found to be predominant (46%) follo-
used by Aggarwals (12%), Brahmins and Jats contribute 8%
each. He does not find any relationship between the growth
of the firms and the socio-economic background of the
entrepreneurs. However, he notes that the firms which
continuously expanded, had gradual growth and were started with a relatively favourable capital base and most of them were established by merchants. The entrepreneurs have shown the tendency to diversify instead of expanding after a particular point since they lack vital information about wider markets. (27)

Ashis Nandy analyses, on an exploratory basis, some of the psychological and social correlates of entrepreneurship in an urban community of Howrah (West Bengal) and compares two subcultures—actually two caste groups with the community—on the magnitude of these correlations. The respondents are 36 small-scale entrepreneurs and 25 non-entrepreneurs from amongst the Mahiyas, and 31 small-scale entrepreneurs and 23 non-entrepreneurs from amongst the upper castes like Brahmins, Baidyas and Kayasthas. Operationally, the entrepreneurs are as men who had started factories and had survived in business for five years. Non-entrepreneurs are men who were not in business and had not tried to start a business in the previous five years. The study was conducted during 1967-69. His data support the propositions that the predictors of entrepreneurship differ from situation to situation and the coefficients for all respondents are mainly the contribution of the more enterprising Mahiyas. His study shows that the abilities and characteristics which are prerequisites of entrepreneurship in one subculture can be irrelevant to, or dysfunctional for, entrepreneurship in another. On the other hand, some variables can be equally important or unimportant in more than one subculture. (28)
General Studies in Entrepreneurship

Shetty emphasises the role of "imitative", as opposed to "innovative", entrepreneur-managers in the newly industrialising countries. According to him, the small enterprises constitute the predominant from the private industrial endeavour in most of these countries and such enterprises serve as the seedbed for spotting and nurturing much needed entrepreneurial talent. To explain his point, he draws examples from India. (29)

Ghosal and Sharma suggest that until adequate and right type of entrepreneurship develops, it is desirable to formalise and standardise some of the functions of the entrepreneurs so that less experienced hand and trainee entrepreneurs may undertake the job of development. A project to be undertaken should be thoroughly appraised in regard to economic, technical, managerial, organisational, commercial and financial factors, so that even marginal or half-baked entrepreneurs could assume the role of promotion without hesitation. (30)

Koppel and Peterson apply formal statistical hypothesis testing procedures to the data yielded by the studies of James J.Berna, R.A. Sharma, and E.Wayne Nafziger, on the relationships between entrepreneurial activity and social community identification. Their objectives are to: clarify certain methodological problems in each of the studies which, according to them, undermine substantive interpretation; reanalyse the data to focus more directly on the question of individual
versus group explanations of entrepreneurship. The
evidence presented in their paper strongly suggests that
there is no abiding and generalised relationship between
entrepreneurial success and groups of individuals distrib-
uted over regions and over time. (31)

Sarma traces the growth of entrepreneurship in the period
up to the first World War, to Independence and thereafter;
and blames the Indian entrepreneurs for not having taken
the advantage of opportunities available. He discusses
the emergence of State as an entrepreneur and the institu-
tions it has created for fostering new entrepreneurship.
He feels that the small entrepreneurship has grown and
suggests that these entrepreneurs should have new socialist
outlook. (32)

Rao and Sumithra discuss some of the factors which induce
and others which impede the growth of entrepreneurship.
The government can affect entrepreneurship adversely as
well as favourably and so, they examine the role of the
government action in the growth of industrial entrepreneu-
ship in India, indicators being the growth of industrial
assets of value added, changes in the industrial origin of
national product, introduction of new products, and opening
of new markets. They attribute these developments to
government planning and policies and so, government action,
though a hindrance in some cases, has contributed directly
and indirectly to the growth of industrial entrepreneu-
ship. (33)
J.H. van der Veen focuses small-scale industrial entrepreneurs and describes two major types: those adopting a commercial and those adopting a production-orientation. He discusses the economic factors which favour the emergence of the less appropriate, commercially-oriented, industrial entrepreneurs and also delineates some of the ways in which the 'quantitative restrictions' method of implementing an import substitution strategy reinforces these economic factors. This strategy ultimately degenerates into a system of unintended incentives encouraging a commercial orientation on the part of small-scale industrial entrepreneurs. This is more true of politically well-connected ones. In order to foster production-orientation, the goal should be to increase the size of the expected streams of small but steady profits relative to the size of the expected stream of infrequent but large profits. For this purpose, the government should review, carefully and continuously, the implication for entrepreneurial behaviour not only of its strategic decisions but also of the means it chooses to implement these decisions. (34)

Mishra draws attention to some of the public policies affecting the growth of entrepreneurship in the private sector of Indian economy, with special emphasis on setting the infrastructure, providing finance and implementing an incentive-oriented tax policy. (35)

In order to examine the impact of the Companies Act, 1956, on what Farooque calls entrepreneurial growth of the corporate sector, he describes the position of company
coverage of joint stock companies by managing agents and
managerial pattern of new companies. (36)

S.P. Sharma's emphasis is on the social recognition of
entrepreneurial services just as the society appreciates
a scholar or a jawan. He is of the view that more and more
investment in human capital is needed to create entrepre-
neurial competence. (37)

In order to examine the findings of the studies of Indian
entrepreneurship, Nafziger presents introductory sections
that deal with the Indian economy, a historical sketch of
Indian entrepreneurship and a synoptic view of the leading
Indian business communities. After a short exposition
on a few of the studies on Indian entrepreneurship, he
discuss entrepreneurship, caste and social community;
entrepreneurship and the family; entrepreneurship and
government; the organisation of large-scale enterprises;
the small entrepreneur; and approaches to future studies.
Apart from the need for studies on the socio-economic
explanations for differential rates of entrepreneurial
participation among social communities and on the dynamics
which influence the caste system, he suggests a few
more areas that might be explored—achievement motivation
in India, determinants of entrepreneurial success, and
market for entrepreneurs. (38)

Agarwal attempts to show that in India viable patterns of
entrepreneurship exist and have produced economic growth
and that these patterns of entrepreneurship are sector specific rather than national in character. He contends that many of the emerging nations, which in fact are composed of many ethnic groups cannot be properly studied in terms of motivation for achievement without regard to subcultural patterns of aspiration. He also suggests that individual choices and motivations behind these choices, in the initial developmental phase, are bound to be the patterns of existing socio-cultural systems. His hypothesis is that in the so-called economically developing societies, patterns of entrepreneurship are determined by the dominant psycho-cultural themes have perennially been identified with certain geographical regions due to reasons of physical environment and historical accident. He has evidenced growth in entrepreneurship through rise in GNP and rate of investment over a period of time. The urban milk supply, pharmaceutical and bus transport industries have been used to explain the ability of people to incorporate new technology, new business patterns and to renovate old traditional methods. The rate of investment and risk-taking in personal development through education show that viable patterns of entrepreneurship exist in India and have exhibited growth. His evidence in support of the hypothesis of sector-specificity includes patterns of career choices in the four projected sectors and among Indian migrants overseas. The four sectors are the north-west comprising Punjab, Haryana, Himachal Pradesh,
Kashmir, Uttar Pradesh, Bihar and Madhya Pradesh, the north-east comprising West Bengal, Assam and Orissa; the south-west comprising Rajasthan, Gujarat, Maharashtra and the Konkan coast; and the south-east including Kerala, Andhra Pradesh, Tamil Nadu and Karnataka. The differences in culture, society, and personality in these regions throw light on regionally distinctive goals, modes of achievement and types of enterprises. (39)

This bird's-eye view suggests that the Indian entrepreneurship became a fascinating subject of study during the last two decades and an increasing number of scholars undertook explorations in this field. Thus, the picture of economic and business conditions during the 19th century and thereafter became clearer, and an insight into what enabled certain classes of people to transform themselves into an industrial class became available. Some of the scholars threw light on entrepreneurial organisation which the growth of industrial houses hinged around. A few scholars also attempted to measure the economic power of certain industrial groups in contemporary times. However, the question of whether it was lack of entrepreneurial spirit or absence of climate of enterprise that accounts for industrial backwardness of India remained largely unsettled.

Some scholars have endeavoured to bring out the nature and kind of entrepreneurship in small and medium-sized, proprietary and partnership enterprises in different geographical locations. This provided an inkling into
what was happening at small levels of enterprise, but there is hardly any conclusive evidence to suggest that the emergence of entrepreneurs from varied backgrounds is anyway a new phenomenon, as the business history of India is replete with examples of small entrepreneurs coming from diverse backgrounds. On the other hand, results in different locations are many a time contradictory and even, drive us to believe that still the entrepreneurs, are being drawn from the higher socio-economic backgrounds. Most of the studies, no doubt, examine the backgrounds of entrepreneurs, but do not speak of the rate of entrepreneurial change, if any, nor do they reflect upon what induced the entrepreneurs to join the ranks of small industrialists and the quality of infrastructural facilities. An aggregative analysis of economic activity reflecting upon entrepreneurial growth has also been undertaken. It may indicate expanding entrepreneurial effort, but provides no clues to the changing character of entrepreneurship.

This should not suggest that the scholars have neglected biographical approach. In India, quite a few biographies of industrialists or family histories have been written. The biographical approach has value, but we cannot be oblivious of the fact that the economic development of a country is not the product of the actions of a few great men and the enterprises of a handful of key firms. At any rate, it fails to provide any satisfactory theory of
the relationship between entrepreneurship and economic growth. An account of the life and work of any one man, no matter how great, cannot supply a tithe of the answers we require. (40)

It is, therefore, apparent that the existing studies do not adequately answer the key issues raised by us under the nature of the problem and fail to present a comprehensive and integrated view of the entrepreneurial change in India after Independence. A serious gap in the available data is noted in regard to the corporate private sector. It is not known whether any entrepreneurial change in this sector which was dominated by certain communities from certain regions has been witnessed as a result of the changed environment. A very little evidence exists on what prompted the entrepreneurs to enter industry and on the role of specialised financial and developmental institutions in the fostering of new entrepreneurial class. The problem of locational decisions has not caught the imagination of Indian researchers. A scant regard has been paid to entrepreneurial performance; especially the question of which class of entrepreneur has been more successful and predominant than others has largely remained unattended to.

It is commonly believed that there is potential for flowering of entrepreneurship only in small-scale enterprises, as there is no divorce of ownership from control. The enterprises in India, even if organised in the form of public limited companies, are tiny establishments by the world standards. If the demise of the traditional American proprietor of giant-sized corporations is still not unquestioned.
the firm grip of the entrepreneur over the corporate private sector in India is beyond dispute. Not before long, the traditional entrepreneur in the developing economies can be divested from control of the company. A substantial majority of firms are still too small and immature to be ready for such drastic developments. They are, for the most part, still personified in a specific, easily identifiable individual and even when the founder disappears, his place is taken by his heir who carries the whole weight of responsibility. (41)

This discussion in the two sections brings out two important points regarding entrepreneurship: first, it should still be possible to identify entrepreneur/entrepreneurial groups in the developing economies and second, when the industrial activity is sluggish because of inherent weaknesses of such an economy, the emergence of entrepreneurs, whether innovators or imitators, should prove helpful to the development of the economy.

Entrepreneurship will be studied in this work keeping the above in view.
Notes and References


For details, reference may also be made to his Entrepreneurship and the Merchant Castes in a Punjabi City, Monograph No.1, Program in Comparative Studies of Southern Asia, Duke University, 1965.


41. Flavia Derosi, op. cit., p. 136.