CHAPTER-I
CONCEPTUAL FRAME WORK OF ENTREPRENEURS

(i) INTRODUCTION
Basically the meaning of entrepreneurs means that those who start business for profit with strong underlying green values who sell grew products of service. This is an emerging field where research is still in its infancy. Entrepreneurs were motivated by their green values earning living passion being their own boss and seeing a gap in the market. For merely in a country like India business began from moneylenders, who gave a sum on the assurances of precious assets be it gold or land. These people started or ventured out from cottage industries to urban business either as a partner or individually when they made it big there was no looking back. The case of Rajasthan, Shri Birla, took a loan and pawned his brass utensils. Today Birlas are a big industry they ventured into various sectors of business.

If entrepreneurs had not taken up these ventures how would small and big business houses be started? Who was MacDonald, a small time employee with the company, he then bought MacDonalds. Ambanis from filling petrol at petrol pumps is a name to reckon in India, Reliance Company, both Mukesh and Anil Ambani have taken up the company to heights. This is what is called entrepreneurship. Now the most or pertinent question- why do we need entrepreneurship? The answer is- the very first business was done on the barter system where people exchanged their goods for their necessities, gradually social life changed people. With the industrial revolution, started migration from one place to another in order to improve their economic and social lifestyle. Migration is taking place from one country to another country in order to earn and then with the finance saved have started their own business from mere employees, they have become owners of their companies giving employment to others. Money is circulated which has given the power of investment, this means that banks have started playing a major role as financiers and in some cases, some banks have a tie up with big companies. The olden days concept of moneylenders and middlemen, have become a thing of the past. Now with banking and commerce business at its zenith, this is only possible if there was entrepreneurship, therefore entrepreneurship is needed and the need of entrepreneurs is essential and important for business.

If we take the dictionary definition of the terms entrepreneur it means one who recognizes and manages those enterprises, which involve high risks, but this literal definition is not complete. Therefore, the definition from the 17th Century French word ‘Entreprendre’ and the German word ‘Uterhehmen’ both referred to individual who undertook.” the risk of new enterprises. They could be termed as contractors who took the risk of profit or loss; they were
soldiers of fortune, adventures, builders or merchants. It was in the 18th Century for the first time the term entrepreneur was used to designate a dealer who buys sells goods at certain prices\(^1\).

Harbison defined ‘an entrepreneur is not an innovator’ but an organization builder or one who has the skill to build an organization and who must be able to harvest the new ideas of different innovators in the best interest of the organization\(^2\). Casson stated that an entrepreneurs as ‘someone who specializes in taking judgmental decisions about the co-ordination of so scarce resources\(^3\). While J.B. Say termed an ‘Entrepreneur who denotes a person who discharges the entrepreneurial function of coordination, organization, supervision and risk bearing’\(^4\).

It was Schumpeter, the first major writer to highlight the human agent in the process economic development, according to him the economy was propelled by activities of person “who wanted to promote new goods and new methods of materials or new market”\(^5\). There are serious types of entrepreneurships which can be termed as individual entrepreneurship and corporate entrepreneurship. Entrepreneurs can be small business owners, rural entrepreneurs as well as urban entrepreneurs.

Individual entrepreneurs are those who have money inherited from their forefathers, with a business acumen to go ahead from their grand fathers and fathers. These individuals take a high risk that will give their business a boost, and psyche that as a new generation with greater technique of business, development of rail, road and also, these individuals tend not only to localize their businesses but also venture to move to other cities and states. As Peter Duckers has very rightly stated that an entrepreneur as,” One who always reaches for changes responds to it and exploits it as an opportunity, Entrepreneurs innovate. Innovation is a specific instrument of entrepreneurship”\(^6\). These entrepreneurs feel the sky is the limit and branch off to other business too. Individual entrepreneurs are even those who did not have inherited capital but take a very big risk that is they borrow money against the mortgage of their property. These entrepreneurs tread very - very cautiously on their venture, as they have nothing to fall back on, if they loose in this business. In both cases successful entrepreneurs profit and give employment to others. So the risk taken in both cases, entrepreneurs have faith in their business venture. Corporate entrepreneurs are those which have a number of persons involved in the capital is not of an individual but investments from various sources, it’s a joint venture on a large scale. This is done on a very elaborate pattern, where powers are delegated from a hierarchy. Here the rise and fall is entirely based on teamwork.
Rural entrepreneurs are those who start their business from villages, with rural products like products and by products, which are in the villages itself. These entrepreneurs seek the help of the rural people as well as rural banks. In Rajasthan it’s seen that bhandis and other handiwork like black prints of vegetable colors are all done in the village, even handicrafts of wood is sent to cities and now these products are even sent abroad. This is not the case of Rajasthan, but even in Gujarat, the North-East States, U.P., Punjab, and Haryana all these states have handicrafts of which most are produced in the rural areas. This has also given an opportunity to women to become successful in these states.

Sometimes entrepreneurs face problems in their business. The reasons affecting these entrepreneurs are first and foremost delay in payments, goods are supplied are part payment, many a times payments are not only overdue, but delayed to such an extent, that these entrepreneurs are unable to repay the loan taken. The workers payments are delayed, workers do not come to work on time, as well as production of goods, is also not delivered at the appointed time, as a result these entrepreneurs loose out on orders from the business houses they deal with. Vagaries of weather is another factor which affects the entrepreneurs, excess monsoon puts a damper on fabric entrepreneurs sometimes the material is not up to the standards of the demand. In such situations, the entrepreneurs either sells the as damaged goods. This puts them in an economic loss.

Natural catastrophes apart, there are other unseen disasters, such as fire either through short circuit or other human error, where all the goods are gutted. The entrepreneur is helpless as repayment cannot be made, and the parties to whom goods are supplied to, cancel the orders, as the stipulated time is not ‘adhered to.’ These are a number of unseen events, which cannot be presumed or assumed, but they happen. In such circumstances all these effect the entrepreneurs with all unexpected natural or unseen disasters and losses, entrepreneurs may be low for sometime, but gradually come out of its, because entrepreneurs they are aware that loss and gain are a part of business venture. Therefore they know that as entrepreneurs, they play a role in society which why they have this importance, which they cannot otherwise runaway from.

Entrepreneurs are important in each and every dimension of life be it family business, government, social groups or enterprise, they, play a significant role in multi dimensions and multi facets development of the state and nation. They help the state, and country to reduce unemployment. It also reduces the dependence of the people from the government. The central and state governments have introduced a number of schemes and projects to promote entrepreneurship in various fields of development. It is said the development of an individual,
family, organization, community, village, district, state and nation, cannot be thought of without entrepreneurship. Thus entrepreneurship is considered to be one of the significant dimensions of development. The government is putting in a lot of money and efforts to develop entrepreneurs, so that they in return can contribute to social, economic, psychological, political and environmental development. Thus entrepreneurs contribute in numerous ways.

The State of Rajasthan the land of ancient culture and world renowned valor, with illustrious historical record of heroes and heroines, its soil having absorbed the blood of numerous warriors and bearing the imprints of numerous battles, its flora and fauna presenting certain places, natural sights of exceptional beauty, its rocks bearing immovable stocks of valuable mineral wealth, entrepreneurial skill and ability of hard working Marwaris’, but still the state occupies a back seat among the industrialized State of India. Rajasthan is the largest State in India, geographically constituting 10.4 per cent of the total geographical area of India. Topographically, deserts in the State constitute large chunks of the landmass, where the settlements are scattered and the density of population is quite low. It is administratively divided into 7 divisions, 33 districts, 244 tehsils, 249 panchayat samities and 9,168 gram panchayats.

Entrepreneurs are the catalytic agents of change; the pace of economic growth both in developing and developed countries is based on entrepreneurs. They are the captains of the industry, risk takers and bearers, innovators and managers. They are the organizers of the society’s productive resources, produce new articles, develop new production techniques, establish new industrial enterprises, contribute to the development and expansion of existing enterprises, promote capital formation, create new employment opportunities, raise standards of living, remove poverty, regional imbalances and execute government policies. The skills and traits of entrepreneur are called entrepreneurship. It is the process of searching out opportunities in the market place and arranging resources required to exploit these opportunities for long period gains. It includes the process of planning, organizing, searching opportunities and executing the dreams into the realities. It is a creative and innovative skill and adopting response to environment.

In the 21st century, women have ventured into many male dominated areas and business is one of those. The transition from cloistered joint family environment and male dominated area to cut throat competition multinational business, transnational companies has had its traumas. Some, who could not bear it all, faltered and retreated. The others who took
the snubs in their stride and preserved. These are the few who are now writing the first chapter of tomorrow’s success stories. On the contrary it probably is still the time in some locales that women cannot get business loans without a husband or father’s co-signature. For this sort of reason, especially in the business development, quite apart from question of equity. But in case of networking among solely women entrepreneurs provides a significant support for sharing experiences with gender – related obstacles and techniques for dealing with them.

The state government is very sensitive to women entrepreneurship development through various measures of women empowerment programmes. To provide impetus to initiate that address the needs of women and to coordinate with the various departments working for their development. A separate directorate for women empowerment was established in 2007 in Rajasthan, women entrepreneurs in Rajasthan can get specific advantages such as: Geographically largest state in the country, close proximity to the capital of India- Delhi, New State Special Economic Zone (SEZ) act is on the anvil, first state to have single window mechanism for investors through an act. New Investment and investment policy, strong industrial base (over 322 industrial areas across the state) IT policy is in place, In case of It, Low operational cost (around 30%) and low attrition rate, abundant human resources (IIT, NIT, Amity, AIIMS, BITS, National Law University, Central University World Class University, IIM), Jaipur Ranked 3rd in India in “Ease of doing Business” by World Bank report on India, Committed leadership and conductive investment climate, Pro-active support from the state Government, Delhi-Mumbai Industrial Corridor, Delhi-Mumbai Freight corridor, peaceful and congenial work environment, Land of Prestigious Multinational companies (Ericsson, Genpact, Deustse Bank, Gillette, Corning, Bausch and Lomb, Honda, Saint Gobain, Mico Bosch) one of the largest produced of mines, and minerals (marble, granite, sandstone, gypsum etc.)

The State Government, Indian Government, IDBI, RIICO, RFC and DIC’s also are providing help in the form of land allotment, concessions, rebates, financial assistance, training, raw material and technical guidance so as to promote women entrepreneurship in Rajasthan especially in Jaipur region. The Entrepreneurship Development Institute and at The National and State Level Industrial and Investment corporations organize special programmes not only to cater to special requirements of existing women entrepreneurs but also to indentify new entrepreneurs to start new ventures. There are special schemes Mahila Udyan Nidhi for women who set up their own units. However studies have indicated that many women and also organizations sponsoring the women who are unaware of the same. The
present study will be helpful in highlighting and encouraging women entrepreneurship. It is also expected in the dynamic and changing era where socio-economic cultural norms are changing, urbanization, industrialization, emergence of nuclear family, globalization, information technology, women will enter in the comparatively new fields and will prove their credibility in greater number of successful and vibrant entrepreneurs.

It would not be an exaggeration to say that Rajasthan figures as the mother land of some of the leading entrepreneurs, a couple of the well known names of Marwaris like Birla’s Goenkas, Bangurs, Poddars, Mittals, Jiorakajs, Jaipurias, Khaitans and Bajaj. They have proved that they excelled in the state of their inbuilt entrepreneurial strengths and skills. Entrepreneurs are the catalytic agents of change, the pace of economic growth both in developer and developing countries based on entrepreneurs they are the captains of the industry, risk takers and bearers, innovators and managers. They are the organizers of the society’s productive resources produces new articles, develop, new production, techniques, established new industrial enterprises, promotes capital formation, creates new employments opportunities, raises, standard of living, revokes poverty regional unbalances and exerted government policies.

During the planning period the economy of Rajasthan improved considerably from 1951-56 the approved outlay was 64.50 Crore. During the eleventh plan (2007-12) the total outlay decided by planning commission was of Rs. 71331.98 crores. Priority is given to Rs. 25606.95 crores, which is 35.70 percentage of the whole place, is related to power sector. Another priority sector is social and a community service that is Rs. 19719.73 crores followed by irrigation and flood control. The first industrial policy of the state was announced in 1978 for the exploitation of the states resources and industrial development of the state. In 1990, the state government launched its second industrial policy to attract investment the industrial projects in the state. The industrial policy of 1994, aimed at rapid industrialization of the state through procedural simplification for hassle free entry, speedy clearances, creation of congenial environment, development of infrastructure, human resource promotion of small and village industries. The policy of 1998 aimed at development of growth centres, infrastructure developments, the fourth industrial policy of the state has made Rajasthan the most developed destination for industries. The policy has envisaged an attractive package of incentives to industries, which interalia concluded sales taxes exemption, deferment, interest subsidy, octroi exemption, D.G. subsidy, subsidy for agro based units, incentives for quality certification, reduction to stamp duty, special schemes including interest subsidy and exemption from entertainment taxes for announcement
parks/cinemas/photos, simplification of land conversion and exemption of land and building taxes.

Entrepreneurs, as we are aware, are persons who undertake and operate a new venture, and take that into account for the inherent risks and challenges. Entrepreneurs build new companies with their potential, talent and still either as individual or a group, entrepreneurs are individuals acting independently, or as a part of an organization, who create new innovations and take the risk of putting them into market price. Entrepreneurs venture out and know fully well if there is profit, there are times when they may have to face loss too. Some of the problems, which normally entrepreneurs face, are first and foremost financial. Finance as we know is either group or the family, if it is a solo and inherited business from family in partnership from partners or some one closely related who can give money on short-term basis. Business may be going smooth, but sometimes money is blocked from the other ends, which causes this problem.

Switching of manufacturing products, sometimes entrepreneurs feel that the goods they are producing, are not getting the market they need, so entrepreneurs move to another production which they feel are market viable. Then at times even location hampers an entrepreneur’s business, as distance and labour factor pose a great problem. Nationality is very important for business, both from the point of production to dispatching their goods. It is also from the labour front too labourers also need to reach their factories if there is a problem of mobility, labourers either do not reach on time or they work in a casual way regularity is hampered. This is more so in the case of female labourers, who find difficulties to commute from work place to residence.

There are entrepreneurs who take loans from banks and other funding agencies. Procurement and disbursement of finance at the appropriate time if not given hampers their production, resulting in delay, which in turn causes a loss in business as the other party rejects the order, even credibility of the entrepreneur is at stake. Marketing of manufactured with goods is not easy in this cutthroat competition. Low turnover is another reason for entrepreneurs to loose out on business. Meager availability of raw material is again another hurdle. The entrepreneurs have to make a lot of arrangements, which at times stalk their progress and restrict the maintenance of quality and skills that affects their profit. Thus we see that human life is not only full of complexities and adversities. Whatever professional field, success is fraught with a number of problems, hard-ships and complexities. These problems are found in almost all profession and fields. But that of entrepreneurship is a very different kind. It’s the market factor that is change in market commercial, which makes the
entrepreneur face a lot of challenges. Here the entrepreneur has to face them with courage, dexterity and far sightedness, if not, the entrepreneur will not be able to survive in the market; patience and fortitude is needed in ample abundance on the part of all entrepreneurs. Industries play a vital role in the shaping the economy of the nation or state. The central government as well as the state governments have to take effective steps from time to time to give boosts to the various industries, be they small, medium or large scale in nature, to ensure their growth and projects. Despite this the problem of production, finance and marketing pose a problem to the industrialists as well as the entrepreneurs like limitation of resources.

The main problem which small and medium scales industries face, is that of limited resources and finance, this does not mean that large-scale industries do not face such situations. Another problem with developing countries entrepreneurs and industrialists is fast changing, technological advancement, functions in the labour market, and the cost which rises, so much so that labour market poses a problem, above all the challenges posed by global economy from this with the advent of the computer and information technology is added to the international economy, giving it a new dimension. In such situations, entrepreneurs and rather than the governments, can be considered as the main instruments of the modern change in economy.

(ii) **ENTREPRENEURS: MEANING AND DEFINITION**

Before discussing the term ‘entrepreneurship’ it would be a right step to discuss the term ‘entrepreneur’. The term entrepreneur has been defined for over 300 years. Over these years, the term entrepreneur has been defined in several ways. All these definitions may broadly be classified under the following two categories.

a) Traditional definitions.

b) Modern definitions

a) **Traditional Definitions:**-

Traditional definitions are the definitions given centuries ago by the classical economists and scholars including J.B. Say, Alfred Marshall, James Berna, Frank H. Knight and of course Richard Cantillon.

According to Richard Cantillon, ‘Entrepreneur is a person who pays a certain price for a product to resell it at an uncertain price’.

According to J.B. Say ‘‘An entrepreneur is a person who shifts economic resources out of an area of lower productivity into an area of higher productivity and greater yield.’ All these definitions highlight that an entrepreneur is a person, who mainly arranges factors of production, undertakes risks and earns profit by launching a new enterprise. But in the
modern times the concept of entrepreneur has changed. His features and functions revolve around innovations. A few such definitions are discussed under the ensuing subhead.

b) Modern Definitions

Modern definitions state that an entrepreneur is an innovator and introduces something new in the production/ manufacture or/ and marketing of goods and services. A few modern definitions are as follows:

According to Joseph Schumpeter,9 ‘Entrepreneur is an innovator who introduces change within markets to stimulate the process of economic development’. “According to him, an entrepreneur may introduce change in any of the following ways.

(i) By introducing new product in the market.
(ii) By introducing new method of production that has not yet been tested.
(iii) By entering into new market.
(iv) By discovering a new source of raw materials.
(v) By creating a new organization or outlet for distribution of the product.

According to Peter F. Drucker10, ‘Entrepreneur is one who always search for changes, responds to it and exploits it as an opportunity.’ In the words of Welrich and Koontz11, “Entrepreneur is a person who focuses on innovation and creativity and who transforms a dream or an idea into a profitable venture”.

Thus, according to the modern/new concept, an entrepreneur is an innovator who identifies and exploits opportunities to create something new, a new business, a new product or service or a new market by using resources and skills and assuming risk with a view to realize appropriate rewards.
(iii) **NATURE OF ENTREPRENEURS**

a) **Innovator**

An entrepreneur is an innovator by nature. According to Peter Drucker\(^{12}\), “Innovation is the basic tool of an entrepreneur”.

In the words of James Burna\(^{13}\), “Entrepreneur is a person who is responsible for the existence of a new industrial enterprise.” In other words, entrepreneurs promote and establish new business enterprises.

b) **Risk Beaker**

In the words of Knight\(^{14}\) “Entrepreneurs are the persons who bear risks and deal with uncertainty.” Of course, every entrepreneur has to bear the risks associated with the innovation and promotion of a new enterprise or product.

c) **Arrangement of Resources**

Every entrepreneur need not currently have resources. An entrepreneur may be without any resources. But he has the ability to arrange and provide necessary resources for the enterprise.

d) **Belief in High Achievement**

Entrepreneurs always believe in high achievement. According to McClelland,\(^{15}\) “Need for achievement is the most critical factor that motivates an individual to become an entrepreneur…” Without the belief in and desire for high achievement, no individual can become an entrepreneur.

e) **Search for and Exploitation of Opportunities**

Peter Drucker has stated,\(^{16}\) “Entrepreneur is opportunity oriented.” Every entrepreneur searches for opportunities in the environment and exploits them to do something new.

f) **Optimistic Outlook**
Entrepreneurs deal with uncertain loss and bear the risk with an optimistic outlook. They do everything with a hope of success without any fear of failure. They always believe in building business from scratch.

g) **Constructive Destructor**

Entrepreneurs are positive destructors. Schumpeter calls them the ‘constructive destructor’\(^{17}\). They in fact try to make new products, new markets, and use new production methods/technologies, use new raw materials and so on. In this process, old becomes obsolete or goes out of use.

*Chart 1.1*

**Nature of entrepreneurs**

![Chart 1.1](image)
(iv) **TYPE OF ENTREPRENEURS**

The entrepreneur is the individual (or team) that identifies the opportunity, gathers the necessary resources, creates and is ultimately responsible for the performance of the organization. Entrepreneurship is the pursuit of a discontinuous opportunity involving the creation of an organization (or sub-organization) with the expectation of value creation to the participants. Entrepreneur and Entrepreneurship are two sides of the same coin; while an entrepreneur is an individual who creates and establishes a business, entrepreneurship is the process adapted by an entrepreneur to do so.

Entrepreneurs have a high need for achievement, they are hard-working, independent, innovative, risk taking, and these characteristics of an entrepreneur especially (high need for achievement and innovative differentiates him from a normal businessman. The entrepreneurial process consists of the following steps: (a) identify an opportunity (b) establish vision (c) persuade others (d) gather resources (e) create new venture/product/market (f) change/adapt with time. The scope of entrepreneurship is tremendous for a country like India with problems of population, unemployment, underemployment and disguised unemployment. Prof. Clarence Denhof has described the following four types of entrepreneurs:

a) **Innovating Entrepreneurs**

An innovating entrepreneur is one who always seeks opportunities to do something new and does not want to live with status quo. He tries to introduce new products, new methods of production discover new markets, use new sources of raw materials, etc. 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 improve.

b) **Limitative or adaptive Entrepreneurs**

Imitative entrepreneurs try to imitate ready to adopt successful innovations introduced by innovating entrepreneurs. Limitative entrepreneurs do not innovative the changes themselves, they only imitate techniques and technology innovated by others. Such types of entrepreneurs are suitable for the under development countries because they can easily survive and succeed without any competition from any innovative entrepreneurs.
c) **Fabian Entrepreneurs**

Fabian entrepreneurs are those who are very cautious and skeptical in introducing any change or using new technology in their enterprise. They like to carry on their existing business with same state. They imitate or adopt new methods or introduce new products only when it becomes perfectly clear that failure to do so would not endanger the survival and success of the enterprise.


d) **Drone Entrepreneurs**

Drone entrepreneurs are those who are conservative or orthodox in their approach and thinking. They usually refuse to exploit new opportunities and tend to continue to operate their business in their own traditional way.

**OTHER IMPORTANT TYPES OF ENTREPRENEURS ARE AS FOLLOWS:**

a) **Manufacturing or Industrial Entrepreneurs**

Manufacturing or industrial entrepreneurs concentrate their abilities and resources primarily on manufacturing or industrial goods. They may operate micro, small, medium or large enterprises.

b) **Marketing Entrepreneurs**

Marketing entrepreneurs are also known as trading entrepreneurs. Normally they do not manufacture goods. They only concentrate on marketing and distribution of goods. They enter into a tie-up or joint venture with small manufacturers and then undertake marketing efforts such as publicity, advertising, sales promotion etc. to market and distribute goods.

c) **Service Entrepreneurs**

Service entrepreneurs provide services such as banking, insurance, transportation, communication, portal, hotels, restaurants etc. Some small service entrepreneurs are also engaged providing services such as repair and maintenance, engineering workshop, beauty parlours etc.
d) **Agriculture Entrepreneurs**

Agriculture entrepreneurs engage themselves in agricultural activities like farming, plantation, horticulture, floriculture, animal husbandry, dairy, poultry, aquaculture, sericulture etc. These innovative entrepreneurs use modern methods of production, modern irrigation facilities, pesticides, seeds etc. for higher production yield and better quality of produce.

e) **First Generation Entrepreneurs**

First generation entrepreneurs are those who do not possess any family business background. They start their enterprise on their own using their own skill, experience, expertise and resources. They are in fact, self-made entrepreneurs.

f) **Inherited Entrepreneurs**

The entrepreneurs that inherit a business from their family are called inherited entrepreneurs. Such entrepreneurs run the business inherited by them and expand it by using innovative ideas. They have that quality automatically and by birth they have interest in it.

g) **Sole of Solo or Individual Entrepreneurs**

A sole or solo entrepreneur is one who undertake entrepreneurial task himself individually. He introduces his skills, financial and other resources and employs needed employees. He starts his business with his own efforts and he uses all his skills without the help of others.

h) **Group or Co-entrepreneurs**

When two or more individuals jointly undertake an entrepreneurial work, they are called co-entrepreneurs. Even two or more organizations work, they are called co-entrepreneurs. Even two or more organizations work together on a new business venture, are called co-entrepreneurs.

i) **Copreneurs**
When a couple jointly undertakes some entrepreneurial work, they (i.e. husband and wife) are called copreneurs. In this, the husband and wife work together as a partner and share the profit and losses of business and face the challenges and risk. In that only life partners work as a business partners.

j) **Organizational/Corporate Entrepreneurs/Intrapreneurs**

Organizational or corporate entrepreneurs are called entrepreneurs. Intrapreneurs or innopreneurs are those entrepreneurs who innovate and develop a new venture within a large existing organization. Intrapreneurs may be developed in every large organization in public, private, cooperative, joint sectors of the economy. But for developing intrapreneurs, a proper motivating climate is necessary in the organization.

k) **Women Entrepreneurs**

Women entrepreneurs are defined as the women or the group of women who initiate, organize and operate a business enterprise. According to Government of India, a woman entrepreneur is one who owns and controls an enterprise and has at least 51 percent financial stake in it and employs at least 51 percent woman out of the total work force.

l) **Rural Entrepreneurs**

Entrepreneurs selecting rural based industrial opportunity in either khadi or village industries sector or in farm entrepreneurships are regarded as rural entrepreneurs. According to Khadi or Village Industry Commission (KVIC), village industry or rural industry means any industry located in the rural area, population of which does not exceed 20,000, which produces any goods or renders any services with or without use of power and the investment in its plant and machinery does not exceed Rs. 3 crore.

(v) **FUNCTIONS OF ENTREPRENEURS**

There has been a wide range of opinion about the functions of entrepreneurs Cantillon who first used the term entrepreneurs stated the following main function of an entrepreneur:

a) To buy the goods at a certain price.

b) To sell the goods at an uncertain price.

c) To bear the risks associated with the buying and selling of the goods.
(vi) Entrepreneurship: Meaning and Definition

The term ‘entrepreneurship’ has been used in many senses. The most important among them are as follows:

a) As an adjective
b) As a verb.

a) As an Adjective: -

It is common to everybody that adjective is that word which expresses or describes quality or attribute of something named. In this sense, the term entrepreneurship is used to express or describe the qualities or attributes of a person involved in some entrepreneurial task. A few such definitions are as follows:

In the words of J.A. Timmons, “Entrepreneurship is the ability to create and build something from practically nothing.”

Thus, in the sense of an adjective, entrepreneurship is the ability and spirit of an individual to innovate, identify and exploit opportunities to use the resources for production or distribution of goods and services deal with uncertainties and take risks.

b) In the Sense of Verb: -

The term ‘Entrepreneurship’ is also used in the sense of a verb. It is also common to everyone that verb is a word which expresses an act or action or processes of an action. Thus, when the term entrepreneurship is used as a verb it describes the act of action or process of entrepreneurial task. A few such definitions are as follows:

According to Robert Ronstadt, “Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitment of providing value for some product or service. The product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skills and resources.”
According to Joseph A. Schumpeter, ‘Entrepreneurship is an innovative function. It is a leadership rather than ownership’.

(vii) FEATURE / NATURE OF ENTREPRENEURSHIP

a) Creative Process

In the words of Hisrich Peters, ‘Entrepreneurship is a process of creating something different with value.’ In other words, it is a process in which entrepreneurs create new products, new production process, new sources of raw materials or new markets, which provide greater value to the customers.

b) Discontinuous Process

Entrepreneurship is a discontinuous process. It continues till some change needs to be introduced. It disappears until no further change is required. Paul H. Wilkinson states. ‘Entrepreneurship is a discontinuous phenomenon appearing to initiate change in the production process … and then disappears until it reappears to initiate another change.’
c) **Opportunity Seeking Process**

Entrepreneurship is an opportunity seeking process. Entrepreneurs always try to seek and identify opportunities within the environment and exploit them. Gray and Smeltzer has very rightly stated,\(^22\) “Entrepreneurship begins with opportunity recognition and contaminates with its exploitation.”

d) **Innovation**

Entrepreneurship is based on systematized innovation. It is a means by which entrepreneurs convert opportunities into marketable ideas. It is a means by which entrepreneurs serve as agents for change. Without innovation, entrepreneurial efforts cannot succeed. Peter Drucker states,\(^23\) ‘Innovation is the specific function of entrepreneurship. It is the tool by which entrepreneur either creates new wealth-producing resources or endows existing resources with enhanced potential for creating wealth.

e) **Risk**

Entrepreneurship is a process in which risk is involved. Entrepreneurs bear the risk of failure of innovation, change in consumers’ tastes and preferences, market fluctuations, competitive forces etc. however it should be clearly understood that entrepreneurship is a process of planning and taking calculated risks based upon the market information and knowledge.

f) **Setting up and Operating Enterprise/Organization**

Entrepreneurship is a process of setting up and operating a new venture or enterprise. In the words of Schumpeter,\(^24\) “Entrepreneurship is a process of building an enterprise from the existing and future resources.” Entrepreneur creates and manages enterprise as a means of offering something new to the customers, employee and other stakeholders and also realizing the dreams.

g) **Managerial Skills and Leadership**

According to Prof. Hoselitz,\(^25\) “Managerial skills and leadership abilities are the two fundamental aspects of entrepreneurship.

h) **Result of High Achievement Need**
Entrepreneurship is the result of high need for achievement in an individual. McClelland states that ‘High need for achievement is the greatest motivating factor for entrepreneurship’.

i) **Devotion**

Entrepreneurship is a process, which requires devotion of many things by an entrepreneur. Hisrich Peters states, ‘Entrepreneurship requires the devotion of necessary time and efforts.’ In fact, the persons going through the entrepreneurial process have to expend significant amount of time and effort to create something new.

j) **Reward**

Entrepreneurship is pursued to achieve some rewards. Most important rewards include the independence and personal satisfaction. Of course, monetary reward is also essential and significant. It is because money is regarded as an indicator of the degree of success.

k) **Creative Tendency**

Entrepreneurship is a creative ability or tendency. Schumpeter calls it constructive destructor ability.

l) **Not a Personality Trait but Behaviour**

Entrepreneurship is not a personality trait but behaviour of an individual. Any individual who undertakes entrepreneurial tasks is involved in entrepreneurship.

m) **Essential for every Activity**

Entrepreneurship is essential in every area of activity. It is essential in social, economic, political, sports, games, education, health and every other area. Development of every area is dependent upon the availability of entrepreneurship in the area.

n) **Becoming a Profession**

Entrepreneurship is becoming a profession. It is because entrepreneurship is based upon certain well-defined principles. These principles are now being taught in universities
and other educational institutions. Therefore, entrepreneurship is gaining status of a profession

(viii) **THEORIES OF ENTREPRENEURSHIP**

The opinions regarding theories of entrepreneurship have varied widely. The opinions can be broadly classified into-

a) **Psychological**

b) **Sociological**

c) **Economic and**

d) **The Integrated Ones.**

The psychologist emphasizes on certain non-materialistic and psychic concerns as the prime mover for risk bearing and innovation. The sociologists, stress on the society’s value and status hierarchy as the main force governing entrepreneurial activity. However, the economists consider the structure of economic incentives found in the market environment as relevant. These approaches based on each scholar’s field of specialization focus on the prime determinants of entrepreneurial theories.

One way of determining the theories of entrepreneurship is to identify and analyze the socio-cultural and economic characteristics of the entrepreneurs.

a) **The Psychologist’s View:**

Schumpeter, McClelland, Hagen and Kunkel are the prominent psychologists who gave the idea to entrepreneurship on psychological basis. Schumpeter’s entrepreneur possesses three things. First, an institutional capacity to see things in a way which afterwards proves to be true; second, a kind of efforts of will and mind to overcome fixed habits of thinking; and third, the capacity to surmount social opposition against doing something new. Such individuals, who occur randomly in any ethnically homogeneous population are drawn by the dream and motivated by the will to find a private kingdom.

McClelland emphasizes on the achievement motive which is inculcated through child-rearing practice which stresses on the standards of excellence material warmth, self-reliance, training and low father dominance. However, in a later study, he alters his position and
ascribes changes in motivation to the ideological arousal of latent need for achievement among adults typically associated with a new sense of superiority\textsuperscript{10} Thus, the achievement oriented behaviour may be stimulated through the training programmes. Kilby considers the withdrawal of status respect as the trigger mechanism for changes in personality formation. The status withdrawal occurs members of some social groups perceive that their purposes and values in life are not respected by group in the society whom they respect and whose esteem they value\textsuperscript{29}.

b) The Sociologist’s View

For Max Weber, the driving entrepreneurial energies are generated by the adoption of exogenously supplied religious beliefs. Cochran emphasizes on cultural values, role expectation and social sanctions. According to him, the entrepreneur represents society’s model personality. His performance is influenced by three factors: his own attitude towards his occupation, the role expectations held by sanctioning groups and the operational requirements of the job. Society’s values are the most important determinants of the first two factors\textsuperscript{30}.

Hoselitz underlines the importance of culturally marginal groups in promoting economic development. His hypothesis is that marginal men, because of their ambiguous position from a cultural or social stand point are peculiarly suited to make creative adjustments in situations of change and in the course of this adjustment process to develop genuine innovation in social behaviour\textsuperscript{31}.

c) The Economist’s View

The economist’s view is a counter-hypothesis to all the viewpoints of theories of entrepreneurship and is evident in such empirical studies as those of G.F. Papanek, J.R. Harris etc. According to this view, the psychological drive for pecuniary gain or the desire to improve real incomes is present in all the societies. What matters is the economic environment. The economic incentives are regarded as a sufficient condition for the emergence of industrial entrepreneurs. If there is lack of vigorous entrepreneurial response in manufacturing, it is due to various kinds of market imperfections and insufficient policymaking.

d) Integrated-Contextual Model
The grated contextual model

Small businesses are grocery stores, hairdressers, consultants, travel agents, internet commerce storefronts, carpenters, plumbers, electricians, etc. They are anyone who runs his/her own business. They hire local employees or family. Most are barely profitable. Their definition of success is to feed the family and make a profit, not to take over an industry or
build a $100 million business. As they can’t provide the scale to attract venture capital, they fund their businesses via friends/family or small business loans.

b) **Scalable Startup Entrepreneurship**

Unlike small businesses, scalable startups are what Silicon Valley entrepreneurs and their venture investors do. These entrepreneurs start a company knowing from day one that their vision could change the world. They attract investment from equally crazy financial investors – venture capitalists. They hire the best and the brightest. Their job is to search for a repeatable and scalable business model. When they find it, their focus on scale requires even more venture capital to fuel rapid expansion.

Scalable startups in innovation clusters (Silicon Valley, Shanghai, New York, Bangalore, Israel, etc.) make up a small percentage of entrepreneurs and startups but because of the outsize returns, attract almost all the risk capital (and press.)

c) **Large Company Entrepreneurship**

Large companies have finite life cycles. Most grow through sustaining innovation, offering new products that are variants around their core products. Changes in customer tastes, new technologies, legislation, new competitors, etc. can create pressure for more disruptive innovation – requiring large companies to create entirely new products sold into new customers in new markets. Existing companies do this by either acquiring innovative companies or attempting to build a disruptive product inside. Ironically, large company size and culture make disruptive innovation extremely difficult to execute.

d) **Social Entrepreneurship**

Social entrepreneurs are innovators who focus on creating products and services that solve social needs and problems. But unlike scalable startups their goal is to make the world a better place, not to take market share or to create to wealth for the founders. They may be nonprofit, for-profit, or hybrid.

(x) **ASPECTS OF ENTREPRENEURSHIP**
The writers have propagated different aspects of entrepreneurship. These aspects are studied from different points of view and in different contexts. These aspects are shown in Fig. 1.3 and briefly described in subsequent paragraphs.

**Chart 1.3**

**Aspects of Entrepreneurship**

![Diagram showing aspects of entrepreneurship]

(xii) **FACTORS CONTRIBUTING TO THE DEVELOPMENT OF ENTREPRENEURSHIP**

According to Prof. Pareek and Manohar Nadkarni, the factors contributing to the development of entrepreneurship may be grouped into four parts:

a) Individual factors;

b) Socio-cultural factors;

c) Environmental factors; and

d) Support systems
All these factors interact with each other. The individual and socio-cultural factors contribute indirectly in the development of entrepreneurship. The environment and support systems contribute directly for the development of entrepreneurship. Here, entrepreneurship is considered as dependent variable; but it can be an independent variable also. This is so because an entrepreneur puts deep influence on socio-cultural factors, such as idea values and behaviour of the society.

a) **Individual Factors**

An ‘Individual’ is an important factor in an entrepreneur. This is so because an ‘individual’ performs the functions of an entrepreneur. It is an individual who determines and decides to start or not to start any business enterprise. It is the individual who makes the enterprise successful by his skills, special qualities and behaviour. The entrepreneurial role of an individual is influenced by the following factors:
Entrepreneurial motivation, personal efficiency, and capability to face the tasks and problems.

Entrepreneurial skills for project development, enterprise management and enterprise building.

Entrepreneurial knowledge about environment, industry, technology etc.

b) **Socio-cultural Factors**

For the development of entrepreneurship, socio-cultural factors like family background, social values, ideology, traditions and cultures, religion, thinking process etc. play an important role. The influence of the following factors is very important in the development of entrepreneurship:

- Normative behaviour, such as family school, religious institutions, bearing capacity, self-reliance and work culture.

- Social institutions; such as home, school, religious institutions, theological groups, political parties, informal groups etc.

c) **Environmental Factors**

The country’s economic, political and technical environment also influences the development of entrepreneurship. For instance, before 1789 in France and before 1917 in Russia, entrepreneurship could not be developed for want of administrative and governmental support towards entrepreneurship. Along with individual factors, the country’s political system and knowledge about economic development, etc. were also a very important factor for entrepreneurial development. The environmental factors that influence the role of entrepreneurship include:

- The country’s regulations- industrial and labour laws
- Government policies and incentives available to entrepreneurs.
- Economic and business environment.
- Technological development.
- Political and administrative systems.
- Attitude of big business enterprises.

d) **Support Systems**

The support systems mostly include banking, insurance, financial institutions, small industrial development institutes, industrial development services organizations, district
administration, research and development organization, etc. the support systems that influence entrepreneurial development are:

- Infrastructural facilities like banking insurance, transport, communication etc;
- Supporting institutions of education, training, consultancy, technical education, designing and engineering etc;
- Entrepreneurship oriented education system like technical institution. College and universities, management institutions, engineering colleges, etc;
- Training facilities;
- Research and literature; and
- Mechanism of identifying entrepreneurs to create awareness among the people.

**Chart 1.5**

**Factors Influencing Entrepreneurship Development**

<table>
<thead>
<tr>
<th>Individual Factors</th>
<th>Socio-cultural factors</th>
<th>Environmental Factors</th>
<th>Supporting Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need for high achievement</td>
<td>Family background and circumstances.</td>
<td>Demographic factors</td>
<td>Government policies</td>
</tr>
<tr>
<td>Internal locus of control</td>
<td>Expectations of the family and the society.</td>
<td>Socio-cultural factors</td>
<td>Basic facilities such as land, water, electricity etc.</td>
</tr>
<tr>
<td>Risk propensity</td>
<td>Family support</td>
<td>Economic factors</td>
<td>Finance</td>
</tr>
<tr>
<td>Desire for independence</td>
<td>Usage and customs</td>
<td>Technological factors</td>
<td>Consultancy services</td>
</tr>
<tr>
<td>Academic qualifications</td>
<td>Work culture</td>
<td>Legal factors</td>
<td>Education and training</td>
</tr>
<tr>
<td>Personal qualities</td>
<td>Role model entrepreneurs</td>
<td>Political factors</td>
<td>Law and order</td>
</tr>
</tbody>
</table>

(xii) **ROLE OF ENTREPRENEURSHIP**

Entrepreneurs play a significant role in the social and economic development of any nation. In fact, the socio-economic health of every society depends on the level of growth of
entrepreneurship. A country might remain backward not because of lack of physical, human and financial resources but because of lack of entrepreneurial talent or its inability to tap the entrepreneurial talent existing in the society. Historical facts support that ‘Economic development of a nation is the effect for which entrepreneurship is the cause.’ Entrepreneurs are the engines of economic growth. Prof. Yale Brozen has rightly stated that entrepreneurs are the essential resource for economic development. They have been and continue to be critical contributor to the economic growth through their leadership, job creation, competitiveness, productivity and formation of new industry i.e. ventures. (Kuratco et al).  

Realizing the growing significance of entrepreneurship, Zimmerer and Scarborough have very rightly stated, This entrepreneurial spirit is the Around the globe, these heroes of the new economy are reshaping the business environment, creating a world in which their companies play an important role in the vitality of the global economy. With amazing vigor, their business have introduced innovative products and services, pushed back technological frontiers, created new jobs, opened foreign markets and in the process, provided their founders with the opportunity to do what they enjoy most. According to James Berna Entrepreneur is the organizer of society’s productive resources. Thus, every entrepreneur plays a crucial role in the organization and use of society’s productive sources. He procures and allocates the physical, human, financial, technological and informational resources, in the best interest of all the sections of the society. In view of such services, Prof. Karvar has stated that the services of entrepreneurs are such that no salaried manager can render. In the absence of entrepreneurs, the resources of production would have remained idle or unutilized. Change is a fundamental fact of life. Change is permanent in the environment. Entrepreneurs play most significant role in searching for change and responding to it.

a) **Proper use of technical knowledge**

According to Schumpeter. There always exists technical knowledge which entrepreneurs can make use of. It is a matter of common knowledge that technical knowledge invents or discovers many new methods and things. Entrepreneurs can use these intentions to produce new products, improve existing products and production processes or methods, and introduce new products and services.
Entrepreneurs play a significant role producing and introducing new products and services into the marketplace. They seek opportunities for introducing new products/services and assume the risks of introducing them.

b) **Develop New Markets**

One of the biggest challenges of entrepreneurs is to develop new markets for their existing and new products. They conduct market research to obtain knowledge about the possible new market opportunities.

c) **Set up new Enterprises**

Entrepreneurs play a significant role in setting up new enterprises. They set up micro, small and medium as well as large business enterprises. They set up enterprises in industrial, agricultural, and commercial as well as service activities.

- **Growth and Development of Business Activities**

Entrepreneurs have been playing a dominant role in the growth of business activities. They have revolutionized the way in which a business is conducted they have been instrumental in creation and growth of many successful business organizations. Kuratko et al states that 35. Entrepreneurship is the symbol of business tenacity and achievement. Entrepreneurs have been the pioneers of modern business success.

- **Growth of Infrastructure Facilities**

Entrepreneurs play a major role in the growth of infrastructure facilities. Road, railways, airports, bridges, dams, industrial areas, industrial estates, special economic zones, research and development centres, quality control centres, industrial and managerial training and development centres etc. are developed by the entrepreneurs for further growth of entrepreneurs. These facilities directly contribute to the socio-economic development of the country.

d) **Opportunity of Growth to People**

Entrepreneurship plays a very crucial role in the life of people from all walks of life. In other words, entrepreneurship opens the doors of equal opportunity and upward mobility to many young people including women, minority groups, immigrants, and educated, literate,
illiterate, skilled, unskilled people. They can enter into any entrepreneuria
tial activity of their own choice. Thus, they get an opportunity to participate in the growth process of the economy.

e) **Create Employment**

Entrepreneurs set up many new enterprises and expand their activities. They set up micro, small, medium and large enterprises in industrial, agricultural, commercial and service sectors. Therefore, they require many types of employees to run them.

f) **Higher Capital Formulation**

Entrepreneurs play a crucial and indispensable role in capital formation in any country and particularly in a developing country. When they plan their venture, they need capital.

g) **Higher Standard of Living**

Entrepreneurs play a major role in the creation and delivery of standard of living to the members of the society. They help make available the existing products to all the members of the society.

h) **Help Remove Regional Disparities**

Entrepreneurs also play a significant role in removing or reducing the regional disparities of growth. They have the ability to search and identify opportunities that are available in the backward areas and establish their enterprises in those areas. Thus, helping the Government to implement the plans for balanced regional development.

i) **Help solve social problems**

Entrepreneurs play a significant role in solving social problems such as the problems of poverty, unemployment, illiteracy, ill health and so on.

j) **National Economic Independence**

Entrepreneurs are instrumental in the national economic independence or self-reliance. Entrepreneurs motivate scientists/technologists to invent/discover new products, machines and processes. Consequently, entrepreneurs can produce new products, use new
resources and machines and methods with the help of the technologies, machines and methods developed indigenously.

(xiii) ROLE OF ENTREPRENEURSHIP IN NATIONAL AND STATE LEVEL DEVELOPMENT

In general, contemporary economists agree that an entrepreneur is a business leader who has a pivotal role in fostering economic growth and development. Entrepreneurship is one of the most important inputs in the economic development of a country or region. The number and competence of an entrepreneur has a direct bearing on the economic evils in a developing country. In fact, entrepreneurship is the dynamic need of a developing nation. The concept of entrepreneurship is not different in developing economies. In developing economies like India, the scope and need for entrepreneurs is higher. An entrepreneur need not necessarily innovate; even if she imitates any technique of production/marketing from a developed country, she is an entrepreneur in her own right and makes a contribution to economic development as long as she starts the business, undertakes risk and bears uncertainties. In developing countries, entrepreneurship is considered as a form of labour, which tells the rest of the labour what to do and how to get things done.

Entrepreneurship development in India has received much attention over the last few decades. In the Industrial Policy Resolution of 1956, the government had emphasized the setting up of a large number of medium and small-scale industries as one of the major steps for economic growth of the country and to solve the massive unemployment problem among the educated youth of India. Despite the critical importance of entrepreneurs and entrepreneurship, few developmental programmes or strategies include any systematic means for identifying entrepreneurship programmes. Entrepreneurship is used in each and every dimension of life whether it is family, business, government, social group or enterprise. It plays a significant role in multi dimensions and multi facets development of the state and nation. It helps the state and country to face the problem of unemployment. The central and state government have introduced numbers of schemes and projects to promote entrepreneurship in various sectors of development. It is said that the development of an individual, family, organization, community, village, district, state and nation cannot be thought without entrepreneurship. Therefore, entrepreneurship is considered to be one of the significant dimensions of development. The government is putting a lot of efforts and money
to develop entrepreneurs who can contribute to social, economic, psychological, political and environmental development. Entrepreneurship contributes in multiple ways. Some of the contributions are shown in Fig. 1.6 and briefly described in subsequent paragraphs.

Entrepreneurs play a very important role in the social and economic development of any nation. They are the engines of economic growth. They are the main tools that give important contribution in development of economy. They are the organizer of society's productive resources. The service of entrepreneurs is such that no salaries manager can render. In the absence of entrepreneurship, the resources of a country would have remained idle or unutilized. They exploit opportunities and are always innovative and have a creative tendency.

Chart 1.6
Contribution of Entrepreneurship in Development
Entrepreneurship plays a prominent and powerful role in Industrial Development. No business can ever be started without a man. Emerson, the popular economist has rightly remarked. “An institution is the lengthened shadow of an Individual” It is a fact that an enterprise is formed into and developed by the good efforts of an entrepreneur. Individuals like Birla, Dalmia, Bajaj, Modi, Goenka, Singhaniya, Poddar, Parasrampuriya, Lohiya, Khandka, Kanodiya and Rhuya etc. have been well known entrepreneurs in the world. Business is a game of risk and a person who undertakes risk to establish a new business enterprise is known as an entrepreneur. A country may be rich in material resources and capital but if it lacks entrepreneurship, the optimum utilization of resources would become difficult. The industrial development of a country totally depends on the types of manpower that a country inherits and more specifically the entrepreneurs.

No systematic steps were taken to boost entrepreneurship in Rajasthan during the pre-independence period. After independence the Government of India began to think about the development of entrepreneurship. However, the efforts made or steps taken could not boost the entrepreneurial spirit at the required rate, at least for a couple of decades after independence. But steps taken in the recent couple of decades by the central and state Governments have given a significant boost to entrepreneurship in India. The Government of India as well as the State Governments have been announcing industrial policy statement since 1948. But the industrial policy statement of 1991 of Government of India gave major boost to the entrepreneurship. This policy statement liberalized many things and opened up many doors for entrepreneurs. The number of industries reserved for public sector has been reduced. As of today (1.4.2011), there are only two industries that are reserved for public sector, whereas the number of such industries was 17 in 1956. All other industries/economic activities are now open for entry of any entrepreneur. As a result, many new entrepreneurs are setting up their enterprises across the country.

Developing entrepreneurship and entrepreneur is a challenging task. Development and growth of entrepreneurship depends on many factors. But the support system plays a crucial role in the entrepreneurship development. The public sector organization of the Government of Rajasthan and the District Industries Centres (DICs) under the Department of Industries, Government of Rajasthan are some of the institutions that have been developing support system needed for the development of entrepreneurship. "The main objectives of the District..."
The Rajasthan State Industrial Development & Industrial Corporation (RIICO) and Rajasthan Finance Corporation (RFC) were economic investigation of the potential for development of the district, supply of machinery and equipment, provision of raw materials, arrangement of credit facilities, marketing assistance and quality control and research, extension and entrepreneurial training.

The Rajasthan Financial Corporation (RFC) is one such corporation, which has been set up under the State Financial Corporation Act, 1951. With a view to cater the financial needs of micro, small and medium enterprises. RIICO and RFC has been playing a crucial and indispensable role in the entrepreneurship development in Rajasthan. Its multi-faced activities have immensely benefited the entrepreneurs in the State of Rajasthan. The role of RIICO and RFC in entrepreneurship development may be gauged from its wide range of activities described in the ensuing sub-heads:

- Loans
- Equity assistance
- Venture capital fund
- Development of Industrial areas
- Development of Industrial Plots
- Development of special purpose industrial parks/complexes
- SEZ in joint sector
- Growth centres
- Integrated infrastructure development centres
- Centre for development of stones
- Development of social infrastructure
- New IT parks with special package
- Special land package
- Incentives for setting up SEZ
- Incentives to entrepreneurs
- Promotion to training and other institutions
Incentives to sick units

Plan for international Trade cum convention centre

It was expected that once the roots of industrialization were laid, the enterprising spirits permeated among people from other occupations also. But what surprises one the most is that despite the advent of a century of industrialization before independence, there were no traces of the same phenomenon occurring in India. The entrepreneurial activity remained an exclusive preserve of the trading and financial classes but other sanctions of the society remained unstirred, or if they made a modest start, they stagnated or died out or were devoured by the successful ones. The supply of entrepreneurs from business witnessed the emergence of two more regional communities of industrialists, the ‘marwaris’ and the ‘chettiors’.

Among the trading in south-India were the chettis, the kumatis in Telegu districts, on the west coast were Syrian Christians called Nazrani Mappilar, the Mohammedun merchants in Bengal, the ‘Subarna Bariks’ specialized trade and commerce, Hindu and Muslim trading communities (Bohras, Bhujas and Kachhi Memons) in Gujarat and the erstwhile Saurashtra and there was another important and fairly developed community called ‘Marwari’ hailing from Marwar in Rajasthan. The Parsees who migrated from Persia to Gujarat and acted as brokers from the European traders at Bombay and Surat, and gradually established themselves as merchants traders and financing community of Bombay and Gujarat. Thus the Parsees and Gujarati trading castes became the wealthiest Indian communities by the middle of the nineteenth century controlling what every foreign trade was in Indian hand.

The path usually progressed from retail trade to wholesale trade, importing, exporting and finally manufacturing. Some traditional and communal facilities also helped to develop the entrepreneurship in such a pattern. Communal credit networks enabled trading operations to move smoothly. Alan R Cohen describes the ‘Safari’ system used by ‘marwari’ cloth traders in Banaras, firms it the system borrowed from each other when even short of cash loans were payable on demand, “Even of and interest was tallied and settled once a year, with total borrowing offset by total lending.” Community Banks provided accommodation for goods in transit and remittance facilities commercial customers provided for apprenticeship in which youngsters could learn the techniques of business and profit sharing schemes by which they could accumulate enough capital to start their own enterprises.
Communal and sometimes inter communal institutions existed for adjudicating commercial disputes.

Helping each other with inbuilt social amenities such as residential houses, the family business grew and prospered. Gradually, from being small time shop brokers and middleman, acquiring partnership and building family concern to finally becoming investors and entrepreneurs. In the words of a Soviet observer in the rural economy of colonial India, such a system was based on the financial and commercial organization of the trading and money lending castes whose members formed a computed hierarchy starting from the petty villages trades and money lenders to big city merchants and bankers. The castes were firmly held together by credit arrangements that had been adopted among caste members the trading and money lending groups constituting the Marwari community were best suited to meet the needs of the British capitalists.

Hence, the entrepreneurial base in India remained extremely narrow and the best, extended to relatives with kinship or mental ties or very intimate friends, consequently, the history of entrepreneurship in India is the history of a few families. The spirit of enterprise naturally makes man an entrepreneur. Such a spirit transforms him from a nomad to a cattle rearer, to a settled agriculturist, to a trader and to an industrialist. The first major work on entrepreneurship came from Schumpeter. He put the human agent at the center of the process of economic development and regarded an entrepreneur as one who, through new combinations of means of production, carried out the introduction of a new good, the introduction of a new method of production, the opening of a new market, the conquest of a new source of supply of raw materials or half-manufactured goods, and the carrying out of the new organization of any industry.36

An entrepreneurial spirit implies a commitment to certain ends, adherence to self fulfillment and also the vision of progress and the means of realizing certain ends. The Schumpeterian model suggests that notwithstanding the infrastructural or community conditions, the entrepreneur dares to take risk in order to realize these goals and an individual’s emergence as entrepreneur in any set up is a complex process. Though the process is a blend of environmental varieties and their socio-personal matrices, the person ‘entrepreneur’ becomes the product of overall management of the Entrepreneurial Development Programme mentioned or geared by various local institutions in the State.
Entrepreneurs are persons who initiate, organize, manage and control the affairs of a business unit that combines the factors of production to supply goods and services, whether the business pertains to agriculture, industry, trade or profession. An entrepreneur is the central figure of economic activity and propeller of development under free enterprise, agricultural or industrial development is brought out by entrepreneurship. An entrepreneur, according to Kilby is like a large important animal called ‘Heffalump’ hunted by many individuals, who are unable to control and capture him. One and all claim to have seen him and have variously described him, but wide disagreements still exist among them on his peculiarities and particularities. Thus the term ‘entrepreneur’ has a plethora of varieties and is defined in many ways.

All definitions of the term ‘entrepreneur’ are based on and related to his functions. Hoselitze points out that these definitions have, at one time or another, been associated with:

- Uncertainty bearing.
- Co-ordination of Productive Resources.
- Introduction of Innovations and
- The provision of capital.

Richard Cantillon, an Irishman living in France, called the entrepreneur as one who buys factory services at certain prices and sells his product at uncertain prices, thereby bearing a non-insurable risk. J.B. Say further expanded the term by bringing in it the factors of production, provision of continuing management as well as risk bearing. Adam Smith treated him as a provider of capital, but non-playing a leading role. The definition of the entrepreneur is one of the most critical and difficult aspects of the theory. There are two main approaches to define anything: the functional approach and the indicative approach. In the context of the entrepreneur, Casson says quite simply that.  An entrepreneur is what an entrepreneur does”. It specifies a certain function and deems any one who performs this function to be an entrepreneur. The indicative approach provides a description of the entrepreneur by which he may be recognized. Unlike a functional definition, which may be quite abstract, an indicative definition is very down-to-earth.

Indicative approach describes an entrepreneur in terms of high legal status, his contractual relations with other parties, his position in society, and so on. The entire structure
of the theory developed heavily rests upon the following definition: “An entrepreneur is someone who specializes in taking a judgmental decision” about the co-ordination of scarce resources. In principal the entrepreneur could be a planner in a socialist economy, or even a priest or a king in a traditional society. In practice entrepreneurship is closely identified with private enterprise in a market economy.

Some social scientists like B.Litt., presented a clearer view of entrepreneurial functions. Recognizing the problem, Hoselitze remarked that in an underdeveloped country (Economy) not to speak of the Schumpeterian innovators, even imitators – entrepreneurs had a distinct role to play. Even the multiplicity of entrepreneurs lacking in creative genius of investors, but possessing all other characteristics of successful entrepreneurs, is desirable for underdeveloped economies. In modern times, the organizational part has come into a sharp focus. The term has gained such a wide currency that any non-routinised act is regarded as entrepreneurship. All people now talk of entrepreneurial firms and entrepreneurial managers.

(xv) ORIGIN AND DEVELOPMENT OF WOMEN ENTREPRENEURSHIP IN INDIA

Women constitute nearly half of the total population in India and are regarded as better half of the society. But for centuries, women were confined to the four walls of the houses doing household work at home. Marriage was considered as the only career for most women. Their main work was to nourish family and upkeep the values of the society. Though in Hindu scriptures woman had been regarded as "Devi" Laxmi or Grah Laxmi, an embodiment of Shakti (Durga) but in real Life, she was treated as Abla (weak), passive, dependent. Since old age women have been victim of social prejudices and discrimination. Women were taught to depend upon others, to limit their ambitions and to avoid exposure and risk. Those days society was predominantly a male dominated society. It is with these reasons that women work force in industry was negligible and their contribution towards economy was almost, zero.

But with the change of time, particularly after independence there was the recognition of women power. Women started realizing their own strengths and demanded their participation in various walks of life. They have started taking up careers in selected professions such as education, nursing medicine and office work and thus, contributing in economic activities.
But the concept of women entrepreneur was still not emerged. Women were mostly confined to the activities contributing in other person's (mostly male) industrial set up.

Under the seventh five-year plan (1987-1992), a separate chapter characterizing integration of women in development was included. It was suggested in this plan that to boost Indian economy, women should also be promoted to take up economic activities and contribute their might in this endeavor. Some of the salient feature of this plan was:

- To include women as specific target groups in the total development process.
- To plan diversity, and conduct vocational training programmes suitable to the needs of the women.
- To provide marketing assistance for their products
- To involve women folk in decision making process.

**After that in ninth five year plan** (1997-2002) government launched a scheme to increase women empowerment and give importance to generate quality and productive employment.

**After that in Eleventh five year plan** (2007-2012) ensure that at least 33 percent of the direct and indirect beneficiaries of all government schemes are women and girl children.

Not only in the five-year plan, in the industrial policy of Government of India also, the emphasis was placed for preparing women for taking up initiative in starting small-scale industries. It was also emphasized to train this group by conducting special entrepreneurship programmes. The Government of India was so concerned with this sector that in 1981, the 1st National conference of Women Entrepreneurs was organized in New Delhi, which besides calling for urgent attention to allocate land, sheds, also suggested speedy sanction of power and license to run the industry for this sector. The second International conference of women entrepreneurs organized in 1989 in New Delhi. It adopted a declaration. Some of the salient points of this declaration were:

- Promotion of women's involvement in economic development programmes.
- Provide necessary infra-structural support, training and marketing facilities.
- Help them removing hurdles by enacting legislation.
- Products manufactured by women entrepreneurs be widely displayed in trades and fairs.

As the number of women entrepreneurs in India is increasing, they are coming together in the shape of associations and forums. The main purpose of these associations is to help in creating a conducive environment for developing women entrepreneurship. Some of the specific purposes of these organizations are:

- To provide a common platform for women entrepreneurs.
- To develop and promote the cause of women entrepreneurship.
- To present problems and remedial measures in a collective way.
- To provide assistance and help to other women enterprises
- To develop self-confidence among various women entrepreneurs

Although many women have advanced in economic structures, for the majority of women, particularly those who face additional barriers, continuing obstacles have hindered their ability to achieve economic autonomy and to ensure sustainable livelihoods for themselves and their dependants. Women are active in a variety of economic areas, which they often combine, ranging from wage labour, subsistence farming and fishing to the informal sector. However, legal and customary barriers to ownership of or access to land, natural resources, capital, credit, technology and other means of production, as well as wage differentials, contribute to impeding the economic progress of women. Women's contribution to development is seriously underestimated and thus their social recognition is limited. The full visibility of the type, extent and distribution of this unremunerated work will also contribute to a better sharing of responsibilities between women and men. Lack of employment in the private sector and reductions in public services and public service jobs have affected women disproportionately. In some countries, women take on more unpaid work, such as the care of children and those who are ill or elderly, compensating for lost household income, particularly when public services are not available. In many cases, employment creation strategies have not paid sufficient attention to occupations and sectors where women predominate; nor have they adequately promoted the access of women to those occupations and sectors that are traditionally male.
In spite of various efforts made by the government for entrepreneurial development, there have been a number of factors, which impede the growth of entrepreneurship in India. Important among them are as follows:

a) **Rigid Government policies and rules**: One of the reasons for slow growth of entrepreneurship has been the rigid government policies and rules. Industrial policy, licensing policy, import-export policy, Licensing policy, Import-export policy, laws relating to factories, companies, employees etc. have been very rigid in India at least up to 1990. It is very difficult to take loan from various agencies and hard to get license for starting of business sometimes govt. polices are very rigid for entrepreneurs, and it discourages them.

b) **High tax rates**: In India, the tax rates have remained very high for up to the major part of the 20th century. Both direct and indirect tax rates remained very high as compared to other nations. Moreover, the taxation system and procedures have also been considered very complex. Both the tax rates and taxation system used to dissuade many people to start their own business enterprise at least up to the later part of the 20th century.

c) **Unhealthy competition**: There has prevailed unhealthy competition in India for many years. Restrictive industrial ad licensing policies of the Government have allowed to prevail license, quota and permit raj for many decades in India. Entry of new entrepreneurs was not easy. Hence, monopoly situation prevailed in many industries in India. Although the MRTP Act was enacted in 1969 to curb monopolies but could not effectively serve the purpose. Hence, a few entrepreneurs/industrialists continued to enjoy their monopoly position for many decades. New entrepreneurs were directly or indirectly dissuaded to enter into many industries.

d) **Labour problems**: In India, Labour laws have mostly remained pro-labour. Under the guise of these labour laws, some selfish and politically motivated trade union leader used to raise unreasonable demands against the entrepreneurs did not dare to
expand their business activities and many others did not dare to start any business enterprise.

e) **Geographical problems:** - Sometimes, the geographical conditions do not support Entrepreneurs and they do not get favorable environment for starting business. We can take the example of hilly areas where geographical conditions are not positive for entrepreneurs to take risk to start their business, because all basic facilities are not easily available for entrepreneurs. So according to geographical conditions, entrepreneurs do business and sometimes it creates great hurdles for them.

f) **Unfavorable Social System:** - Indian social system is oriented towards traditional and social customs, and not conducive to the development of entrepreneurship. The social systems like child marriages, superstitions, illiteracy, isolated rural economy etc. are the major factors in this regard.

g) **Hereditary Character of Occupation:** - The hereditary character of occupation offers resistance to change. The traditional method of production system is followed from generation to generation.

h) **Lack of Adequate Capital:** - Lack of adequate financial support from the financial and other institutions, impedes the development of entrepreneurship. With the result, a good number of industrial units become sick or likely to become sick every year.

i) **Bureaucratic Functioning:** - An entrepreneur who wants to establish an enterprise needs to go for completion of various statutory and other formalities. He has to approach various institutions to get the formalities approved. All the procedures are time consuming and this results in the escalation of project costs. The financial institutions take much time in sanctioning credit. Sometimes the entrepreneur may drop the idea of setting up a unit because of such difficulties and constraints.

j) **Lack of Coordination Between Different Agencies:** - There is lack of coordination between promotional agencies and entrepreneurs.

k) **Poor Infrastructural Facilities:** - Mostly the factory/industrial areas are very poorly developed; and most essential requirements like water, electricity, transport, banking etc. are lacking especially in rural areas.
l) **Unproductive Investment** :- This is one of the important causes of slow growth of entrepreneurship. On the one side, capital requirement is lacking for industrial activity but, on the other, people are interested in investing in unproductive assets like house property, gold and silver, hoarding of materials and produced goods. There is need for attitudinal change in this respect.

m) **Lack of Training Facilities** :- The number of institutions which provide education and training facilities are very limited in numbers and they are mostly located in big cities only. The facility is lacking in town and village.

n) **Lack of Efficient Marketing and Distribution System** :- The marketing and the distribution systems are too costly. Advertising publicity, sales promotion tools etc. are very costly, which cannot be

(xvii) **SUGGESTIONS FOR DEVELOPMENT OF ENTREPRENEURSHIP**

During the past couple of decades, many steps have been taken to promote entrepreneurs and develop entrepreneurship in India. But looking at the huge potential, more aggressive steps are required for development of entrepreneurs and entrepreneurship. A few such steps may be suggested including the following:

a. All existing steps should be taken more aggressively and sincerely. Existing entrepreneurship development programmes should be implemented in a more effective manner.

b. Government should have a long-term strategic policy for entrepreneurship development in India.

c. All education boards and universities should include the topics relating to basics of entrepreneurship in the syllabus of all the facilities at least up to the degree level. This will help inculcate entrepreneurship qualities among the youth.

d. Universities and other educational institutions should make their entrepreneurship degree or diploma courses more practice oriented. The students should be exposed more and more to the real life situations of entrepreneurs.
e. In order to develop entrepreneurship in rural areas, basic infrastructure facilities should be developed in the rural areas. The concept of ‘PURAn’ developed by Dr. Kalam should be the basis of such development. PURA denotes Providing Urban Facilities in Rural Areas.

f. Government should take up a programme to develop awareness towards benefits of entrepreneurship. Such programmes should be directed to develop the attitude of youth towards assuming risks of business instead of the fixed income employment or Government Services.

g. Uneducated people in society should be motivated to adopt occupation and vocation instead of the fixed income employment. To this end, Government should impart vocational training.

h. Giving special incentives should encourage first generations and women entrepreneurs.

i. For small and women entrepreneurs, long-term capital as well as working capital should be provided at concessional rates.

j. Refreshment or reorientation training should be provided to the existing small entrepreneurs so that they may encounter the upcoming challenges.

k. Technical consultancy organizations should try to acquaint entrepreneurs with the latest inventions that may be exploited by them. This will encourage entrepreneurs to produce new products, use new production processes or raw materials and so on.

l. Suitable changes in industrial and licensing policy should be introduced in accordance with needs of the global business environment.

m. Foreign Direct Investment (FDI) should be encouraged to meet the shortage of finance.

n. Government should ensure a fair and corruption free environment to the entrepreneurs.