Chapter No. 01:

Introduction, Review of Literature and Research Methodology:

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Introduction:

21\textsuperscript{st} Century is the century of Entrepreneurship, and every individual can be an agent for innovation and change. The 1980s may be known as the decade in which entrepreneurship has emerged as an important element in the dynamics of modern economies. New small enterprises have become the major source of new job creation. Individuals and small businesses have made major contributions to the discovery of new technologies and to their commercial application. The concept of entrepreneurship has assumed prime importance for accelerating economic growth both in developed and in developing countries. It is the basis of free enterprise. It creates wealth in the country. It has the thrill of risk, change, challenge and growth. It builds the nation. It is a pathway to prosper. It reduces un-employment and poverty.\textsuperscript{1} In India a large number of people are seeking entrepreneurship as a career option. Increasing number of educated youth, are getting attracted towards entrepreneurship and are setting up their business ventures.

The strength of any nation is measured on the basis of it entrepreneurial success. In last hundred years, the USA, Japan, Germany and many other countries have shown this to the world. While India and China, the oldest civilizations in the world, have lagged behind because they could not develop
an entrepreneurial society. All the resources available with them have not been put to use and these countries lagged behind in the global market shares. While countries like USA (12.3 per cent), Japan (10.2 per cent), and Germany (9.5 per cent) have the global market shares, two of the most populated countries like China (1.2 per cent) and India (0.6 per cent) are having a small share in the global market. This picture can only change for them if they can systematically bring in an entrepreneurial culture in their countries. This will require collective effort, on the part of the individual, their families, the educational institutes, governments and the society at large. The opportunities are there in every country including India.

The entrepreneurial spirit is being revived in India. A search for a better way of life, for creating employment, for creating a meaningful project, is a strong motivational urge felt by many entrepreneurs. So during these times, small enterprises must be given the opportunity to be a great source of growth. This opportunity must be backed by guidance, assistance and capital. Furthermore, an entrepreneurial climate must be created to support the entrepreneurial growth strategy. The spirit of enterprise makes man an entrepreneur. Such a spirit transformed him from a nomad to cattle rarer to settled agriculturists, to a trader and to an industrialist. Thus, entrepreneurs are
persons who initiate, organize, manage and control the affairs of a business unit what combine the factors of production to supply goods and services, whether the business pertains to agriculture, industry, trade or profession. Entrepreneur is the central figure of economic activity and propeller of development under free enterprise. Agricultural or industrial development is brought out by entrepreneurship. The development or underdevelopment is the reflection of the development or underdevelopment of entrepreneurship in the society.

The greater emphasis is still on the development of entrepreneurship in small manufacturing units in the expectation that it will multiply employment opportunities, minimize inter sectoral and inter regional imbalances, and had to more equitable distribution of income among the people of varied social strata. The building of modern nations depends upon the development of people and the organization of human activity. Capital, natural resources, foreign aid, and international trade; placing important roles in economic growth but none is more important than manpower. The academicians, economists, psychologists, sociologists, social psychologists, anthropologists, politicians and historians alike and also the State, have gradually recognized the importance of entrepreneurship as a major determinant of the rate of economic growth. A fact that industrial enterprise and economic growth are correlated and the activity of
an entrepreneur is necessary for launching an industrial enterprise has now becomes obvious to all. The findings of social science research should be of great significance in designing programmes of action for developing entrepreneurship.

**Entrepreneur:**

The more precise meaning of ‘entrepreneur’ is one who creates his own business i.e. a person who organizes, operates and assumes the risk of a business venture. He is a catalyst of development. An entrepreneur is a person who perceives a need and then brings together manpower; material and capital required meeting that need. The entrepreneur is a business leader who has a pivotal role in fostering economic growth and development. A good entrepreneur is one who is capable of inspiring confidence in people and has the ability to motivate them to work with him in fulfilling the economic goals set by him. An entrepreneur is a person who incubates new ideas, starts enterprises based on those ideas and provides added value to society based on this independent initiative. Entrepreneurs have vision for growth, commitment to constructive change, persistence to gather necessary resources and energy to achieve unusual results. A person having entrepreneurial qualities is an entrepreneur. An entrepreneur is the person who bears the risk of uncertainty in
business (*Richard Cantillon*). An entrepreneur is a change agent (*J.B. Say*). An entrepreneur is an organizer, is an innovator, a risk bearer, a resource assembler and organizer.\textsuperscript{7} The small business person may exhibit these characteristics but only occasionally, not as a pre-requisite to establishing an enterprise. The numbers of competence of entrepreneurs affect the economic growth of a region. He is the most important inputs in the economic development of a country.\textsuperscript{8} Entrepreneurial competence exercises a considerable influence on the rate of economic growth. A person who initiates, establishes, maintains and expands new enterprise, constitutes a entrepreneurial class. The socio-economic and political conditions, availability of advanced technology and know-how, state of art and culture of business and trading, existence of market for product, all have bearing on the development and growth of entrepreneurship. In this respect, training may have a definite impact on the success of entrepreneurship programme.\textsuperscript{9}

**Evolution of the Concept of Entrepreneurs:**

‘*Entrepreneur*’ is a *French* word which means between-taker or go-between. In the earliest days the explanation of the evolution of the theory of entrepreneurship can be rightly given by the example of *Marco Polo* – He was one of the beginners to establish trading from west to east. The concept which
he used was to make a contract with a money person and take a loan on a high interest rate and on the other hand he himself would bear all the physical and emotional risks. Next, the middle ages where the entrepreneur would be an actor or in-charge of large production projects like great architectural works, and would be provided resources by the government, and the individual did not take any risks, but rendered his services. The concept of taking risk by entrepreneurs again evolved in the 17th century when an entrepreneur would be given a particular job by the government but a contract was signed according to which the price was fixed but any profits and losses would be borne by the entrepreneur.

Richard Cantillon is regarded as the founder to the term entrepreneur and defined this risk taker as one who buys at a certain price and sells at an uncertain price therefore operating at a risk. Entrepreneur was differentiated from the capital provider in the 18th century (i.e. from the venture capitalist). Hence, emerged the two groups, entrepreneurs and venture capitalists, capital users and capital providers. This difference was made since venture capitalist would make risk investments to obtain a high rate of return of investments and an entrepreneur developed new products or one can say used the capital for product development. In the next stage when entrepreneurs role was identified
as that of a reformer who would revolutionize the pattern of production by an invention or by introducing a new way of supplying materials, a new outlet for products or by introducing a new technological method. He would impart his own initiative and skill. He will further assume the risk of loss and chance of profit depending upon the unforeseen and uncontrollable circumstances.

As per Peter Drucker, entrepreneurial role is one of getting and using resources. The difference is that in an entrepreneurial role the resources must be allocated to the opportunities, where as, in the managerial role the resources are allocated to solve the problems. Entrepreneurship occurs when resources are redirected towards progressive opportunities, and are not used for ensuring administrative efficiency. This redirection of resources distinguishes between the entrepreneurial and managerial role. He also told that an entrepreneur is one who always searches for change, responds to it and exploits it as an opportunity. Innovation is an instrument of entrepreneurship. An entrepreneur innovates and creates resources because there is no such thing as resource until someone finds a new for some thing and endows economic value to it. Entrepreneurs convert a material into a resource or combine the existing resources in a new or more productive way.
Entrepreneurial Skill:

Skill to deal with different challenging situations is an essential characteristic of efficient entrepreneur. The entrepreneur is rarely a master of all management skills, and yet he is responsible for all aspects of business. Many a times he has to be the General Manager, Production Manager, etc. all rolled in one. Following are the essential qualities that go for making a good entrepreneur:

- He must be an enterprising person.
- He must be energetic and hard working and resourceful.
- He must be alert to exploit new opportunities.
- He must be able to adjust with the changing conditions.
- He must assume risks.
- He must be interested in advancing technology in respect of quality, product or service.
- He must be interested in expanding the scale of operations.
- He must be able to visualize and make changes.
- He must work for the good of the society.

Entrepreneurship:

The concept of ‘entrepreneurship’ is an age-old phenomenon that relates to the vision of an entrepreneur as well as its implementation by him.
Entrepreneurship is one of the most important inputs in the economic development of a country or a region. Entrepreneurship is the best way to fight the evil of unemployment. They create jobs for themselves but also provide employment opportunities to others. Entrepreneurship contributes for the social and economic development of the state and country. In fact entrepreneurship is the dynamic need of a developing nation.

Entrepreneurship means change. It is a creative and innovative response to the environment. Entrepreneurship is a composite skill that is a mixture of many qualities and traits such as imagination, risk taking, ability to harness factors of production i.e. land, labour, technology and various intangible factors. J.A. Timmoans gives the definition as ‘Entrepreneurship is the ability to create and build something from practically nothing’. Entrepreneurship culture implies a set of values, norms and traits that are conducive to the growth of entrepreneurship. In India a large number of people are seeking entrepreneurship as a career option. Increasing number of educated youth is getting attracted towards entrepreneurship and is setting up their business ventures. According to Schumpeter ‘Entrepreneurship is a creative activity’
According to Robert Ronstadt ‘It is dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time and 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. Entrepreneurship is a creative human activity involving the mobilization of resources from one level of productive use to a higher level of use. It is the process by which the individual pursue opportunities without regard to resources currently controlled. Entrepreneurship involves a willingness to take responsibility and ability to put mind to a task and see it through from inception to completion. Another ingredient of entrepreneurship is sensing opportunities, while others see chaos, contradiction, and confusion. Essence of Entrepreneurship is going against time with maturity and serving as a change agent. During the last three decades, the concept of entrepreneurship has assumed prime importance both in research and in action for accelerating economic growth in the developing countries.\textsuperscript{15}

In India, social and cultural issues hold their importance besides issues related to infrastructure. Any innovation to succeed in our society needs to be accepted by our value systems and cultural issues. It will not be wrong to say
that *dot.com* will not succeed until and unless a high level of awareness is achieved and the idea is taken to the common people. An acceptance by the mass in itself is a kind of social innovation. Further, in our country, where the population is more concerned about making both ends meet, entrepreneurial activity will achieve sustainability only when support is provided both at the societal and governmental levels.

In present day condition, entrepreneurship is the purposeful activity of an individual or a group of associated persons initiating, promoting and maintaining business activity for the production of wealth and distribution of goods and services with a pecuniary motive or such benefits in the given social and political conditions. The rate of economic progress of a nation depends upon its rate of innovation which in turn depends upon the distribution of entrepreneurial talent in the population. Technical progress alone cannot lead to economic development, unless technological break through are put through economic use by entrepreneur.\(^\text{16}\) It is the entrepreneur who organizes and puts to use capital, labour and technology.

**Entrepreneurship development:**

*‘Entrepreneurship Development’* is the key to economic development of a country. By setting up a new enterprise the entrepreneur not only generates
self-employment but also, provides number of employment opportunities to others. Vigorous efforts on the part of the government for decades in making the scarce inputs including raw material, finance, technical and managerial personnel available have failed to make the desired impact on economic development of the country. As a result, development of entrepreneurs which means inculcating entrepreneurial traits in persons, imparting requisite knowledge, developing the technical, managerial, financial and marketing skills and building the entrepreneurial attitudes has gained prime importance in recent years. With the advancement of information technology and the phenomena of global village gathering momentum especially in view of WTO, it has become essential that entrepreneurial skills be developed and people are motivated towards self-employment and self-reliance.17

India can generate additional economic growth by fostering entrepreneurial activities within the country, particularly within middle class people. Not only has entrepreneurship been found to yield significant economic benefits in a wide variety of nations, but India specifically has reached a point in its development where it can achieve similar results through entrepreneurial efforts. Among other things, India is poised to generate new business startups in the high technology area that can help it become a major competitor in the
world economy. It has a strong education and training base suited to entrepreneurial activities, increased inflows of foreign capital aimed at its growing information technology services sector, and a host of successful new business startups. To pursue further the entrepreneurial approach to economic growth, India must now provide opportunities for:

- Education directed specifically at developing entrepreneurial skills,
- Financing of entrepreneurial efforts, and
- Networking among potential entrepreneurs and their experienced counterparts.

However, its role overall must be minimized so that the influence of the free market and individual self-interest can be fully realized. Only time will tell if increased entrepreneurial activities in India will actually yield the economic benefits found in so many other nations of the world. Should India decide to pursue that avenue of economic development, then future research needs to examine the results of India’s entrepreneurial programmes.

**Role of Entrepreneurship in National and State Level Development:**

The 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 multy-dimensions and multy- facets development of the state
and nation. It helps the state and country to face the problem of unemployment. It reduces the dependence of the people from the government. The Central and State Governments 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, the entrepreneurship is considered to be one of the significant dimensions of development. The government is putting lot of efforts and money to develop entrepreneurs who can contribute for social, economic, psychological, and political and environment development. Entrepreneurship contributes in multiple ways.

**Scope of entrepreneurship development in India:**

In the present economic environments, the scope of entrepreneurship is quite encouraging. Every aspect of human life and way of living is invariable concerned with social, cultural or economical activities. It has a definite scope for the growth and development of entrepreneurship. The entrepreneurship activities have exerted a great impact on the development of countries like America, Japan, France and England. Entrepreneurship is a novel, unique and innovative activity attracting only such individuals who are adventurous and
bold. It helps them in mobilizing available resources to achieve their aim of profit maximization. Day-by-day new goods, a new method of production, new markets or widening of existing markets becomes easily possible due to entrepreneurship.

There was no clear industrial policy in India before the independence of the country. The British government followed a policy of apathetic laissez faire because the Government was not interested in the industrial development of the country. Initiative to start industries mainly came from the trading community who had financial resources and who could invest without relying much upon institutional finance. After independence of the country, there has been a growing realization of the role of the Government as an agency of initiation and promotion of industrial development of the country.

In India there is a dearth of quality people in industry, which demands high level of entrepreneurship development programmes through out the country for the growth of Indian economy. The scope of entrepreneurship development in country like India is tremendous. Especially, since there is widespread concern that the acceleration in GDP growth in the post reforms period has not been accompanied by a commensurate expansion in
employment. Results of the 57th round of the National Sample Survey Organization (NSSO) show that unemployment figures in 2001-02 were as high as 8.9 million. Incidentally, one million more Indian joined the rank of the unemployed between 2000-01 & 2001-02. The rising unemployment rate (9.2%) in India has resulted in growing frustration among the youth. In addition there is always problem of underemployment. As a result, increasing the entrepreneurial activities in the country is the only solace. Incidentally, both the reports prepared by Planning Commission to generate employment opportunities for 10 crore people over the next ten years have strongly recommended self-employment as a way-out for teaming unemployed youth.²⁰

We are a very young nation over 60 years since independence setting out on a path of sustained economic growth. We already have over a billion fellow young Indians. Within the next 20 years, we will have 400 million young people below the age of 35 years. It is more than the entire population of the United States. Each person, in this young new generation, will be in the prime of his or her life, striving for a better tomorrow – creating, in the process, new growth opportunities, for budding entrepreneurs. There is the entire global opportunity, across diverse sectors internationally; the ‘Made in India’ brand is now an increasingly respected brand, valued for quality, reliability, and
competitiveness. With economic reforms in the country, and with the virtual removal of all trade barriers, the world is now our market and our opportunity. The pursuit of these opportunities requires an indomitable spirit of entrepreneurship.

We have all the requisite technical and knowledge base to take up the entrepreneurial challenge. The success of Indian entrepreneurs in Silicon Valley is evident as proof. The only thing that is lacking is confidence and mental preparation. We need to get out of this and become more proactive. What is more important than the skill and knowledge base is the courage to take the plunge. Our problem is we do not stretch ourselves. However, it is appreciative that the current generations of youth do not have hang-ups about the previous legacy and are willing to experiment. Theses are the people who will bring about entrepreneurship in India.

Promoting Entrepreneurship:

At present, there are various organizations at the country level & state level offering support to entrepreneurs in various ways. The Govt. of India and various State Governments has been implementing various schemes and programmes aimed at nurturing entrepreneurship over last four decades. For
example, MCED in Aurangabad (Maharashtra) provides systematic training, dissemination of the information & data regarding all aspects of entrepreneurship and conducting research in entrepreneurship. Then there are various Govt. sponsored scheme for the budding entrepreneurs.

Recognizing the importance of the entrepreneur development in economic growth and employment generation, Maharashtra Economic Development Council (MEDC) has identified entrepreneurial development as the one of the focus area for Council activities. Various chambers of Commerce and Apex institutions have started organizing seminars and workshops to promote entrepreneurship. Incidentally, various management colleges have incorporated entrepreneurship as part of their curriculum. This is indeed a good development. This shows the commitment of the Govt. & the various organizations towards developing entrepreneurial qualities in the individuals. In India, where over 300 million people are living below the poverty line, it is simply impossible for any government to provide means of livelihood to everyone. Such situations surely demand for a continuous effort from the society, where the people are encouraged to come up with their entrepreneurial initiative.
Role of Entrepreneurship in Developing Economies:

In developing economies like India the scope and need of non pure entrepreneur is higher. An entrepreneur need not necessarily innovate, even if he imitates any technique of production, marketing from a developed country, he is an entrepreneur in his own right and makes a contribution to economic development as long as he starts business, undertakes risk and bears uncertainties. In developing countries entrepreneurship is considered as a form of labour which tells the rest of labour what up do and how to get things done.

Entrepreneurship involves increasing per capita output and income. Entrepreneurship brings about change in the structure of business and society. There is a significant growth in output which further leads to more wealth to be divided amongst the various participants involved in the complete chain of business activities. Innovation is the key not only in developing the product, but it also leads to increase in capacity of the firm due to new investments and the resultants utilizes the new capacity and output hence increases demand. Entrepreneurship revitalizes the various areas of corporate world. Individuals can relate to the concept and see it as a possibility for changing their present situation.
Small firms play a major role in job creation and innovation. Not only this but they play an important role in creating awareness that there are more entrepreneurs than those heralded in the media, as thousand of small cottage are formed. They have increase media coverage and since women are increasingly becoming more active and forming new venture at three themes the rate of their male counterparts the number of families earning two incomes grows. Eventually, it has great impact on both the overall economy and the employment of an area in particular.

Entrepreneurship development is the key to economic development of a country. By setting up a small enterprise the entrepreneur not only generates self-employment but also, provides employment opportunities to others. Vigorous efforts on the part of the government for decades in making the scarce inputs including raw material, finance, technical and managerial personnel available have failed to make the desired impact on economic development of the country. As a result, development of entrepreneurs which means inculcating entrepreneurial traits in persons, imparting requisite knowledge, developing the technical, managerial, financial and marketing skills and building the entrepreneurial attitudes has gained prime importance in recent years. With the advancement of information technology and the phenomena of global village
gathering momentum especially in view of WTO, it has become essential that entrepreneurial skills be developed and people are motivated towards self-employment and self-reliance.

In developing countries, small enterprises started with the groups of traditional small business set up by sole proprietors in retails trade, services and consumer industries. However, with changes in the socio-economic environment, such entrepreneurs have been confronted with the choice of either remaining as they are or being swept out of the market competition or making necessary changes and innovations so as to continue to survive. Also they face the prospect of either remaining small or are willing to expand and or diversity. However, the development process itself has given rise to new economic opportunities for entrepreneur’s including small business enterprises. With the growth of economy and the political and economic compulsions and the desire to become self-reliant, the need arises for enterprises that cater to the multiple demands of economy, for low gestation, employment oriented and medium bases enterprises. In addition, development within the agricultural sector has also been resulted in the creation of agro-business activities.
Future Perspective:

The future will see entrepreneurship as the engine of economic development. Technological obsolescence will become order of the day and there will be more space for leisure. New businesses will be credited with providing variety of new jobs in the country. New and small business will also develop more than their share of product and service innovation. At one end we will see the technological upheavals in quick succession and on the other end there will be social value systems and cultural issues undergoing slow but dynamic transformations.

Entrepreneurship and economic development are intimately related. The entrepreneurial process is a major factor in economic development and the entrepreneur is the key to economic growth. Whatever be the form of economic and political set-up of the country, entrepreneurship is indispensable for economic development. Entrepreneurship is an approach to management that can be applied in start-up situations as well as within more established businesses. The growing interest, in the area of entrepreneurship has developed alongside interest in the changing role of micro enterprises. Micro entrepreneurship has a fabulous potential in a developing country like India. So,
statistical data and its analyses of several countries show that micro industries have grown faster than large industries over the last two decades.\(^\text{23}\)

**Role of Entrepreneur in Self-Employment Development:**

1. **Innovate:** The entrepreneur is essentially an innovator, who seeks profitability with growth. The entrepreneur has a better idea of a product or service or a better way to deliver that product or service to a paying customer.

2. **To build a dynamic private sector:** The entrepreneur responds well to the new economic and technological environment. Between 1960 and 1995, the number of private companies has gone up from 26,000 to nearly 3,25,200. The increase in the factories in industries like electronic, wood, rubber, jewellery, photographic and optical goods, watches, and clothes, medical, surgical, scientific and sports equipments, cold storage, etc. was more than forty times during this period.

3. **To solve the problem of unemployment:** Small scale industries are labour intensive and play an important role in solving the problem of unemployment. The sector provides enormous opportunities to entrepreneurs for self employment. There is a lot of scope of employment in the small-scale enterprise. The entrepreneur will probably be having various skills; but
will also be requiring expertise in application of technology to business. This will help to engineer the creation of solutions to evangelize new ways of doing business to orchestrate the interplay between various technologies and business functions and to factions as the conduit in the delivery of these business benefits.

4. *To make small scale industries a very important component of Indian economy:* The entrepreneurs’ businesses can be called an important component of Indian economy since they have emerged as a new *avatar* in the present economic scenario by optimizing business performance and productivity. These enterprises act as an enabler or facilitator to the large business houses. They add value to the businesses in large enterprises. Small business has created 60 per cent of new jobs.

4. *To assist rapid industrialization:* An entrepreneur can start a new venture in the industrial, agricultural and service sector. The industrial sector provides enormous opportunities to the new entrepreneurs. Rapid industrialization gains full support from all concerned industries in this sector. This results in enormous economic progress also.

5. *To develop opportunities for socio-economic progress:* The role of entrepreneur is not just limited to innovation but it also offers a more convenient means of nurturing and developing new talents and also
sharpening the skills of its managers and skilled workers in its quest to develop, sustain and broad base the business house. It holds a key to success and potential for developing Indian economy.

**Entrepreneurs and Employment Generation:**

Growing unemployment among educated persons is an acute problem of the nation. The available employment opportunities can cater to only 5 to 10 per cent of the unemployed. Wage employment is a self saturating. When Government creates, say a hundred jobs in various departments, 100 persons get employed and the vacancies are filled for thirty years or so, till these people retire and the vacancies re-emerge. If a hundred persons become entrepreneurs they not only create a hundred jobs for themselves but also provide employment to many more. As the time passes these enterprises grow providing direct and indirect employment to many more. Thus, entrepreneurship is the best way to fight the evil of unemployment.

In the context of employment generation, the three terms i.e. Income Generation, Self-employment and Entrepreneurship are often used interchangeably. Entrepreneurship refers to identification of innovative ideas, setting up of a new enterprise. Whereas, self employment refers to full time
involvement in one's own occupation. One may or may not be bearing the risk, mobilizing inputs, organizing production and marketing the product or service. Income generating activities, on the other hand, are part time, and practiced with a view of raising additional income. All entrepreneurs are self-employed and income generating persons. But all entrepreneurs are self-employed and income generating persons. But all self-employed and income generating persons may not be entrepreneurs.  

Entrepreneurship development in Maharashtra:

There are plenty of small-scale entrepreneurs in Maharashtra. But, there are a few people who have entered medium and large-scale sectors. This has resulted in a temporary imbalance in the industrial structure. Over the last few decades, small entrepreneurs have emerged as leaders in industrial sector. The pattern and features of entrepreneurship of Maharashtra have lesson for the development of other regions. So is of interest to study the entrepreneurial efforts in Maharashtra and the factors, which have contributed, to their success. There are many factors, which generally affect the growth, and functioning of entrepreneurship. These may include previous occupation, family background, caste, origin, education technical know-how, financial position, government help, personality, traits of entrepreneurs, etc. These factors not only go to make
good or bad entrepreneurs but ultimately affect the process of production and industrial development. Thus, in order to promote industrialization it becomes necessary to develop those factors or create those conditions, which help promote entrepreneurship and then industrialization. It is with these objectives in mind that this study has been undertaken.

It is true to a large extent that whatever the state has been able to achieve is mainly due to the efforts of the entrepreneurs. They also played a more significant role in creating balances for economic and social development in the country. Promotion of SSI has been one of the main strategies for economic development since 1950’s. The development of small-scale industries as a focal point of industrial development is evident and since industrialization has become a necessity because civilization depends upon industrialization.

Entrepreneurs play a significant role in the economic development of a country. Therefore, entrepreneurship development has now becomes vital and essential to the economic stability of the developing countries like India, where the problem of unemployment of the educated youths has been pausing a very severe and complex situation. An entrepreneur is a person who is able to express and execute the urge, skill, motivation and innovative ability to
establish a business or industry of his own, either alone or in collaboration with his friends. His motive is to earn profit through the production or distribution of goods or services. Adventurisms, willingness to face risks, innovative and creative power are the inborn qualities of entrepreneurship. The main concerns of an entrepreneur are making dynamic changes in the production process, introducing innovations and finding out new uses for raw materials. Entrepreneurship is a mental attitude to undertake expected risks during the Endeavour to realize objectives. Entrepreneurship can also be explained as a process of executing a work in a new and better way.

**Title of the Study (Thesis):**

“A Study of
Entrepreneurship Development in Small-Scale Industries:
A Case Study of Jalna District”
Objectives of the study:

The study is planned with the following objectives:

1. To study social, economic, educational and occupational backgrounds of the small entrepreneur.

2. To assess the development of the entrepreneurship in small-scale industrial units in Marathwada region and in Jalna district.

3. To evaluate existing policies, programs, institutional networks and the involvement of support agencies in promoting entrepreneurship development.

4. To study the qualities of entrepreneurs engaged in small-scale enterprises and search for potentialities among them.

5. To identify problems of entrepreneurs in setting up and running their enterprises in the backward district;

6. To suggest measures for the healthy growth of entrepreneurship in the small-scale sector in a backward region like Marathwada as well as in Jalna district.

Research Methodology:

The present study is based on both the Primary and the Secondary sources, yet it is mainly based on the primary data. The major sources of
secondary data are the Information provided by District Industrial Centers, Financial Institutions, Small Scale Industrial Corporation, Population Census, Statistical Reports, Development Indicators of Maharashtra, Annual Survey of Industries, data from District Industry Centers, Joint Director of Industries, Reference books, Research Journals, Libraries, etc.

Keeping the objectives of the study in view, an exhaustive study of entrepreneurship in small-scale industries has been undertaken the sample respondents have been selected on the basis of information provided by the District Industries Center (DIC) Jalna, Financial Institutions and field survey regarding small scale industrial units. To investigate into the origin, performance and problems of the entrepreneurs in small-scale industry for which secondary data are not adequate, to shed light on these aspects the primary data were collected through a sample survey of small-scale industries. For this purpose, a structured questionnaire is used to collect data at enterprise level. Apart from exhaustive reference to available literature in the district, it included information and data collected from experts, small-scale industrialists, Government department, traders, etc., in these lines through extensive field visits.
A perusal of the list of enterprises shows that there are 12737 micro and small scale units existing at the end of March 2009. in Jalna Districts. All these units are engaged in different lines of activities like fabrication works, caste iron and non ferrous casting, welding workshop, sheet metal products, job works, Computer Training Centers, Building Contractors, Building Material Suppliers, Food Processing Industries, since the highest segment of entrepreneurs has been found in engineering industry, the present study focuses its attention on the study of entrepreneurship in registered and non registered small scale units in Jalna Districts. In view of large number of these units in the universe, it has been decided to carryout a sample study. Hence, the sample respondent entrepreneurs have been selected from these units representing different lines of activities.

**Samples Selected for Study:**

In view of large number of these units in the district, it has been decided to carryout a sample study. Hence, the sample respondent entrepreneurs have been selected from these units representing different lines of activity. Out of the total micro and small units in Jalna district 100 entrepreneurs has been selected on the basis of purposive sampling method for sample study. Jalna district is taken for the detailed study. There are eight Talukas in the district. 100
respondents’ entrepreneurs are to be taken as samples. The study is mainly based on the primary data collected through field investigation, survey and questionnaire. The entrepreneurs were personally interviewed with the help of structured questionnaire. For this purpose a structured questionnaire was prepared and fills up from them. The data collected from this source are analyzed in table and graphs with the help of various simple statistical tools. The samples selected from various talukas are as follows.

**Table No. 1.1:**

**Samples selected**

<table>
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<tr>
<th>Sr. No.</th>
<th>Taluka</th>
<th>Samples Units</th>
<th>Percentage</th>
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<td>1</td>
<td>Ambad</td>
<td>10</td>
<td>10</td>
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<td>2</td>
<td>Badnapur</td>
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<td>Bhokardan</td>
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<td>Jafrabad</td>
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Reference Period:

The reference period for the field investigation was 2006-07 and the interviews of small entrepreneur conducted in the year 2007-08 in eight taluka’s of Jalna district. The reference period, while collecting the secondary data is not restricted to particular number of years.

Scope of Study:

An attempt has been made to examine the entrepreneurship development in small scale industries in Jalna districts of Maharashtra State. Overall entrepreneurial study is based on State and regional level. For this purpose problems and prospectus and challenges are studied and observations are made of small entrepreneurs in Marathwada region. The study though limited to selected small entrepreneurs in Jalna district; the efforts are made to universalize the findings applicable to the entire State or Marathwada region.

Importance of Study:

In this study a modest attempt has been made to examine the entrepreneurship development in small scale industries in Jalna District. Maharashtra State is an industrially advanced State in the country but the Jalna district is one of the most industrially backward districts in the Maharashtra
State. Small scale industries have played an important role in the economic structure of the state. There is a rapid growth of small scale industries. Importance is given to entrepreneurship development in small scale industries because this is the breeding ground for new entrepreneurship. Hence, this study basically aims at focusing on a few relevant questions such as, whether the Government has played a supportive role and helped the growth of entrepreneurship How far the entrepreneurs are successful? What is the reaction for adopting entrepreneurship as a career option?. The research work would offer an exploration regarding the socio-economic background of the entrepreneurs. The researcher believes that this will definitely benefit the policy makers and new entrepreneurs and the Government in particular to understand the field of entrepreneurship development in small scale industries in the district. The study of entrepreneurship in small units is of great significance to new entrepreneurs, Investors, Financial institutions, Governmental programmes and to the District Planners.

**Limitations of Study:**

Despite the researcher’s best effort the present study suffers from various limitations as discussed below:
The study has not covered the entire population of entrepreneurs in the Jalna District due to limitation of both resources and time. It has covered 100 units which are mainly small – Micro industries. Attempt has been made to study the character of the population through the limited sample coverage.

Questionnaires which were collected from the entrepreneur but with incomplete information were not taken into account for the purpose of sample study. All attempts have been made to extract the correct information through informal interview with the entrepreneurs. The result of this study should therefore, be viewed in the background of the limitations and shortcomings described in the foregoing paragraphs.

**Chapters Scheme:**

The Study is divided into following seven Chapters:

**Chapter No. 01:** Introduction, Review of Literature and Research Methodology.

**Chapter No. 02:** Entrepreneurship Development in Small Scale Industries.

**Chapter No. 03:** Growth of Small Scale Industries.

**Chapter No. 04:** Government Policies and Programmes for Entrepreneurship Development in SSI.
Chapter No. 05: Problems in Entrepreneurship Development & District Profile.

Chapter No. 06: Socio-Economic Status of Small Entrepreneurs in Jalna District.

Chapter No. 07: Conclusions and Suggestions.

Review of Literature:

Several studies have been made on industrial entrepreneurship. In these studies, the background, economic environment, the various traits and qualities and the initial problems of entrepreneurs have been considered. Generally, artisan, small traders, small businessman and merchants provide the largest group of entrepreneurs in developing countries. Small businessman has the advantage of their skill, while merchants have financial resources in addition to their business acumen. The review of past studies relating to the subject is presented in this section. An attempt is made to review the various operational problems leading to fall into the research matter.

A study by Somwanshi (1993) in Marathwada region revealed that the problem related to management of the SSI in a dominant factor for sickness. It disclosed that as many as 60 per cent of units are reported to sick due to lack of
managerial expertise, supervising skills, man-power development programmes and coordination among partners and other managerial staff. The units to the extent of 25 per cent reported that their sickness was the outcome of low prices prevailing in the market. Quality of the product was far from satisfactory, nature and absence of packaging glamour. It is only 15 per cent units found to be crippled mainly because of their in ability to maintain proper books of accounts and other problems.27

The RBI report (1997) highlighted that the main reasons for industrial sickness in non-SSI weak units are such internal factor as deficiencies in project management and short coming in project appraisal, as also such external factors, as non availability of raw material, power shortage, and transport bottlenecks increase in overhead cost and fall in demand.28

A study conducted by Jose (2005) in Kerala revealed that the major problems faced by the SSI units are inadequate finance; Shortage of raw material, low level of technology, difficulties in marketing and transportation, frequent power cuts, etc. The SSI also suffers from serious competition from large scale industries in terms of amount of production, pricing, quality of the goods, inefficient management and high rate of interest. The study concludes
that unless Indian Industrial Units continuously upgrade their technologies, it will be difficult for them to withstand international competitions arising from globalization. This applies more particularly to small scale units as they lag both in terms of technology and competitiveness.  

_Bala Subramaniam (2005)_ observed that the performance of SSI sector faces a though challenge for its survival and growth in the period of globalization. The study indicated that technological obsolescence and timely viability of adequate finance are the issues, which crucially determines the survival and growth of small firms. Moreover the SSI in India finds itself in an intensely competitive environment since 1991 due to globalization measures. As a result, its growth in term of units, employment output and exports has come down. This has resulted in less impressive growth in the contribution to national income and export in the 1991’s.  

_Jagannath Panda (2005)_ focuses on small scale entrepreneurs who started their new ventures in Gujrart State in his study entitled Entrepreneurship and Economic Development’. An integral pat of his development which have grown up to the stature of potential Indian Multinational like Cadila, Torrent, Core, Ashima, Adani, Bakeri and the Reliance. Smaller entrepreneurs like
Ajanta, Rasna and Syntex have their own success stories. Even hospitality and entertainment sector has some novel and imaginative ventures in Gujratt through its new generation entrepreneurs. The purpose of this study is to analyze the different facets of entrepreneur’s development and its economic consequences in the State of Gujrat.\textsuperscript{31}

\textit{Vyankatesh (2007)} analyzed the role of entrepreneur, environment and bankers perception towards to sickness of SSI. The study highlighted that the sickness was mainly due to low level of technical knowledge of the entrepreneur. This was followed by failure in production diversification, failure in brand image and obsolete production technology regarding environmental factors, the study observed that the major factor was the competition from MNC’s. On the banker’s perception, the credit institution unduly emphasized the security for their loans disregarding the evaluation of project viability.\textsuperscript{32}

\textit{Vidyut Kumar (2007)} in his study take the review of SSI sector in Goa revealed that the SSI units are the vibrant segments of Goan Economy. However in recent years the incidence of sickness and closure among SSI units in Goa has increased a sizeable displacement of the workforce. The SSI sector in Goa, have shown downslide mainly due to inadequate credit flow and
infrastructure facilities, low quality products and use of obsolete technology besides challenges of competitions from opening up of the economy, globalization, need for increasing exports and WTO commitment.  

*S. Jagdish Pandi (2008)* undertakes a study on sickness of small scale industries entitled “Incidence of Sickness in Small – Scale Units” highlighted on various factors responsible for sickness of SSI units. He concludes that many of the entrepreneurs lack in managerial competences. The study also indicates that 56.25 per cent of the units borrowed working capital loans from institutional sources. As far as infrastructure in concern, power cut is one among the reason for low production. Regarding marketing of the product 68.75 per cent of the units were suffered from the problem of mobility constraint. He suggest that a national scheme should be framed to provide employment for the workers which are deployed from closed units, a proper management information system to collect information of various aspects of rehabilitation programme, Need for cluster development programme and setting up Industrial parks, etc.  

As per his opinion the concept of entrepreneurship has assumed prime importance both in research and in action for accelerating economic growth in developing countries. He examined entrepreneur and entrepreneurship the person and the process are the critical factors for the growth of organizations. The study bring with the person and the process, conceptual frame work and geographical origins, concept of entrepreneurial functions and gap in economic theory together with explanations of entrepreneurial talents as a model for environments.35

The studies conducted by Phiroze B. Medhora, D. R. Gadgil, H.B. Lamb, A.F. Brimmer, J.J. Berna, L.W. Hazlehurt, Mccrory, B.B. Kling, Pritam Singh, R. Subramanian and others on the entrepreneurship situation in SSI have established the changing trends in favour of entrepreneurial promotions. What he lacks is the knowledge and means to equip himself for entrepreneurial tasks and the economic opportunities to try.

References:


27. Somwanshi S.A. Sickness of Small Scale Industries in Marathwada – Management of Industrial Sickness, Pointer Publisher, Jaipur, pp.86-90.


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