Chapter No. 2:

Entrepreneurship Development in Small Scale Industries

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Introduction:

Entrepreneurship has become the latest movement of modern India. The developing and underdeveloped countries are giving more importance to entrepreneurship for economic development after analyzing the history of developed countries. In the economic development of a country, the human factor plays a vital role. Even the developed nations like USA, UK and Japan have now realized the need to promote entrepreneurship for their economic development.\(^1\) Importance is given to entrepreneurship development because it is related to the socio-economic development of the society. Nation become economically great not because of natural resources but because of entrepreneurial initiative. The development or lack of development is the reflection of the state of entrepreneurship in the society. It is believed that all progress originates with the entrepreneurs and it is true in the modern, commercial and business world.

Use of ‘Small’ as a designation in industry differentiates one set on industries from others. Comparatively small in operations, employments, products, capital, technology, etc. Small businesses comprise a large majority of enterprises in India and although they are individually small, they account for a significant portion of GNP.\(^2\) Small businesses typically provide goods and
services to local markets; however, there have been growing number of small business involved in global trade. The environment of small business is described by local conditions; small businesses include merchandisers to which we turn for our daily purchases. It also includes practices and personal services enterprises of doctors, accounts, tailors and many others to whom we turn for our personal need. In the case of manufacturing units, small industries are to be expected to have a unique set of problems in relation to their smallness that differentiates them from medium and large manufacturing units. At the same time, the small sector has unique advantages. And, as such ‘small is not only beautiful, but also beneficial, efficient and reliable’.\footnote{3} As the country develops industrially, changes occur in the composition of the artisan and merchant groups. Skilled factory workmen and workshop owners tend to start factories of their own. Similarly, sons and other relatives of small factory owners, managers, retired civil servants, and unemployed young men and women take initiative in starting industrial ventures.

In the 1950’s every country considered entrepreneurship as the surest way for quicker industrial and economic development.\footnote{4} The developing countries like India have assigned greater significance for the development of entrepreneurship and encouraged the establishment of small scale industries to
ease out the most burning problems of unemployment, capital shortage, etc. In fact, entrepreneurship has been considered as the panacea for many socio economic problems faced by the country.

The pattern of industrial development of an economy depends on the availability of adequate funds for investment and the supply of large pool of dynamic and result oriented entrepreneurs who can perceive the investment opportunities, organize resources to set up and successfully run the industrial units. A country may possess abundant and inexhaustible natural and physical resources, necessary machinery and capital equipment, but unless there are people who can combine these resources in right proportion, set the task and seek to its accomplishment, the nation cannot make rapid strides towards economic and social advancement. It has been rightly said that development or under development is basically the reflection of development or under development of entrepreneurship in the society.

**Entrepreneurship –Before & after Independence:**

In ancient times, India was said to be the ‘golden bird’, while every dominant country had an eye on this country. British Raj not only hindered the growth of the country but exploited the Indian resources. This is the only
reason why industrialization did not come to India for a long period. It cannot however be neglected that Britishers introduced Railways, Telephone, Telegraph systems which has highly contributed in the development of our economy.

Entrepreneurship was basically promoted by some of the well known communities in India. It is said that business is in the flesh and blood of the ‘Gujaratis’ and the ‘Marwaris’. Entrepreneurship was highly contributed by the Marwaris, Parsis, Chittiar in South, Moplahs in West coast, and the Gujarathis such were supply of entrepreneurs to Indian economy. It was these families who showed tremendous enthusiasm and leadership towards entrepreneurship.

The development of entrepreneurship gets stimulation after independence. The Government made various efforts for entrepreneurial development. In 1948 Government declared its first industrial policy which divided the industries into four broad categories. Mainly the government policies intended in providing financial and technical aid to fresh entrepreneurs. Various institutions were set up with the purpose of supplying machinery, finance, guidance of expertise from various fields and other physical facilities.

There has been an accelerated pace of industrial growth in the small sector since 1967 onwards. There was a deliberate attempt on the part of the Government to select suitable entrepreneurs, train them and help them in identifying suitable items of manufacture. The training of entrepreneurs aimed at imparting the necessary knowledge and skill to adopt small scale industries as procession. The Government went a step further and evolved a package programme to provide necessary inputs needed for starting industrial ventures. It was increasingly realized that industrial entrepreneurship does not generate its own and the Government as a prime agency has to play a positive role in that connection. A deliberate attempt was, therefore, made to motivate entrepreneurs to take up industrial ventures as their career, remove disincentives and provide positive assistance. A recent development in industrial entrepreneurship is to provide encouragement and incentives to entrepreneurs in rural and backward areas. Towards that District Industries Centers (DIC) have been set up, which are responsible for providing all possible help and assistance.
Need of Entrepreneurship in India:

In India, the overcrowded, rise of terrorism due to unemployment, due to politician’s personal interests and therefore ineffective and tax governance and to top it all corporate scandals people are searching for hope and inspiration. The need of the hour is dynamic entrepreneurship. The 21st century is witnessing entrepreneurial era. In India, the rate of literacy has been improving over the last few decades. The present generation youth is clamoring for employment and they are educated compared to the previous generation. India’s labour force is growing at a rate of 2.5 per cent annually, but the employment is growing at 2.3 per cent. Thus the country is faced with challenge of not only absorbing new entrants to the job market, which is estimated at seven million people every year but also clearing the backlog. If we have to attempt to address the issue of poverty with some measure of success we need more and more entrepreneurs. The paradox of the Indian youth facing obstacles in their quest for facing employment is reality. All of us need to develop opportunities to find decent and productive work for the youth allowing them to become independent and responsible global citizens. To tackle the problem of unemployment entrepreneurship should occupy the top slot of the agenda of the Planning Commissions, Economic workforce, Students, Policymakers, Academicians and Bureaucrats. The development of entrepreneurs and entrepreneurship in small
scale industries is necessary in developing countries to meet the challenges posed by population growth and unemployment. The government has embarked on the development of entrepreneurship through the small scale industry, in order to achieve rapid economic development in most parts of the country.

Factors Influencing Entrepreneurship:

Entrepreneurs are not born; they are developed from different vocations. Educational system is to be designed in such a way as to create more job-creators. Entrepreneurs will be motivated due to the influence environmental and the other following factors:

- Family background.
- Socio-economic change.
- Standard of education and technical knowledge.
- Financial stability.
- Political stability.
- Government policy.
- Caste and religious affiliation.
- Availability of supporting facilities.
- Achievements (aims and objectives)
Entrepreneurs are influenced not by a single factor but are the result of the interaction of various environment factors. It is the desire to make money that encourages entrepreneur to start a production unit. The other factor like government policy and social recognition also influence a person to become an entrepreneur. A suitable change in educational system creates more job-creators rather than job seekers.

**Entrepreneurial Initiative:**

Entrepreneur has to initiate the process of development crossing all the barriers in his way. It is a challenging job. Technical and management institutions in India have made it possible to develop thousand of entrepreneurs every year.11 The entrepreneurship development movement in India has received much attention by people. Small manufacturing enterprises have made rapid progress during the last four decades. Successful entrepreneur must possess the following qualities:

- He should be a motivator.
- He must possess self confidence.
- He must be committed to the project.
- He must be prepared to work for longer hours.
- He must be a problem solver.
- He must have initiative, accepting personal responsibility for actions and above all make good use of resources.
- He must be a goal setter.
- He must be a moderate risk taker.

**Small Business Entrepreneur:**

Entrepreneurship, being the prime driving force for economic in general and industrial development in particular has a great deal of potentiality of generating more and more job opportunities, optimum utilization of available resources and bringing prosperity to the nation. The success of a small scale industry solely depends upon one’s doing the right thing at the right time. A small scale industrialist has to be well acquainted with the various rules and regulations governing the small-scale industry and the procedures to be followed in order to acquire the necessary assistance and incentives offered by the government from time to time. A small entrepreneur is the Chief Executive of his unit, its floor supervisor, accounts clerk, purchase manager, salesman, legal advisor, planner and visionary into one.
The modern planners favoured small-scale industries because they would provide employment without much investment, would help in the dispersal of industry to rural areas, produce much needed consumer goods and avoid concentration of economic power, de-humanization and pollution inherent in large scale industries. Industrial Policy Resolution of 1948, that small-scale industries were suited for better utilization of local resources and for the achievement of self-sufficiency in respect of certain types of essential goods. Accordingly, the Government of India has taken steps to encourage promotion, growth and development of entrepreneurs through small-scale industry.¹³ This is manifested in its policies and policy measures.

The term entrepreneur is properly applied to those who incubate new ideas, start enterprises based on those ideas and provide added value to society from independent initiative. Individuals who earn their livelihood by starting a local store or independent service business are called small business persons. The person who starts a fast food franchise chain is called an entrepreneur, but the local restaurant owner is a small business person.¹⁴ Entrepreneurs have vision for growth, commitment to constructive change, persistence to gather necessary resources and energy to achieve unusual results but the small businessman does not generally exhibit these characteristics.
Small business comprises a large majority of enterprises in India and although they are individually small, they account for a significant portion of GNP. Small businesses typically provide goods and services to local markets; however, there have been a growing number of small businesses involved in global trade. The environment of small business is described by local conditions; small businesses include merchandisers to which we turn for our daily purchases. It also includes practices and personal service enterprises of doctors, accountants, tailors and many others to whom we turn for our personal needs.

There are also a substantial number of small manufacturers, wholesalers and distributors who are small by choice. They have probably opportunities to expand into new markets or to develop into larger organizations, but they prefer the autonomy of a small business and avoid rapid expansion. In this age of global communications, small businesses may no longer be severely restricted to local endeavors. International trade, export brokerage of products and instantaneous communications are opening new avenues for small businesses. A large number of small businesses are being involved in exporting.¹⁵
Need for Promotion of Entrepreneurship and Small Business:

A business when managed by an entrepreneur can bring economic prosperity to the country. General well being and social, economic and political stability are the necessary conditions for entrepreneurship business. For the purpose of creating new enterprises and promoting economic development of the country, there are several persons who can make positive contribution. Those of the persons who possess specialized knowledge of running an enterprise form a part of such a group of person. Every country, therefore, needs such enterprising technical people, who can foster the process of economic development.\textsuperscript{16}

A person who possesses initiative and shows leadership a quality in the promotion process is known as a promoter. The process of promotion starts when such person gets positive ideas of starting a venture and it ends when the enterprise actually comes into existence and starts functioning successfully. Promotion of small business begins when an entrepreneur conceives ideas of starting a new business enterprise. Such a promoter must have certain definite background. He must be technically well-versed and should possess perfect knowledge about such an enterprise. If a person is suitably qualified in respect of running the business and implementing his ideas, the chances of his success
are certainly enhanced. In some cases, a person may acquire knowledge by working in such areas and become a successful entrepreneur. He must possess full knowledge about the product and government policies regarding small-scale industrial units. It means he must know the products which have been kept aside by the government for small-scale industrial units. A person with necessary background, eagerness and initiative of starting a small scale industrial unit can surely succeed in establishing such a unit.\textsuperscript{17}

**Growth of Entrepreneurship Through Small-Scale Industries:**

The growth of small-scale industries in India has been one of the most distinctive features of planned economic development during the last two decades. Modern small-scale industries can be a powerful factor in the rapid and decentralized growth of a developing economy. The vital role of the small-scale sector in the national economy has been recognized on account of its potential for creating substantial employment opportunities at a relatively small capital cost, facilitating mobilization of local resources of capital and skill, and ensuring a more equitable distribution of the national income.

Modern small-scale industries in India were almost non existent prior to the *Second World War* It was during the war years, that a number of small-scale
industries were established to augment and sustain the war effort to relieve pressure on shipping and counteract inflationary trends in the economy. After independence especially during the fifties, organized effort were made and a comprehensive programme for the development of small-scale industries was conceived on the basis of the report submitted by a team of ‘Ford-Foundation’ efforts who were invited to the country.  

Small-scale industries have more than justified this encouragement by attaining a high rate of growth and making a significant contribution to the national income. Small enterprises both in the organized and unorganized sectors give employment to nearly forty lakh workers in various fields, and account for nearly half of the total annual industrial production in the country. Apart from the contribution to employment and production, the growth of small industries has helped in the utilization of local resources and raw materials, capital and skill which might otherwise have remained unutilized. Clusters of modern small-scale units humming with industrial activity can be seen in almost all towns. They have successfully carried the massage of industrialization to the nooks and corners of the country.
Avenues for Indigenous Entrepreneurship:

Entrepreneurship is a purposeful activity evolved in initiating, promoting and maintaining economic activities for the production and distribution of wealth. Therefore, entrepreneurship has recognized as an important ingredient of economic development and an integral part of socio-economic transformation only the potential entrepreneur, who organizes and utilizes various factors of production, contributes a lot to the economic development of any country. Industrial development of an economy depends on the availability of dynamic and result oriented entrepreneurs, who can efficiently run the industrial unit. Entrepreneurship is a surest, useful and innovative strategy for economic development in any country. Economic growth of a nation draws vital initiative from a group of young and talented entrepreneurs. These groups of individuals having initiative enterprising spirit, ability, and imagination can translate any business proposal into prospective reality.

Small business also make better use of indigenous organizational and management capabilities by drawing on a pool of entrepreneurial talent that is limited in the early stages of economic development and by providing opportunities for these entrepreneurs to gain experience. The more successful ones will generally grow larger and doubtlessly more capital intensive and in
the process will fulfill an important incubating function. Small business enterprise endows with productive outlets for the talents and energies of enterprising, independent people, many of who would not fulfill their potential in large organizations. Small business often flourishes by serving limited or specialized markets that are not attractive to large business. They provide a seedbed for entrepreneurial talent and a testing place for new large business. They supply dynamism and contribute to competition within the economy.\(^{20}\)

**Intrapreneurs – An Emerging Class:**

In recent times a new brand of corporate entrepreneurs has come to the forefront in large organizations and they are called as ‘*intrapreneurs*’. Intrapreneurs may be defined as any of the ‘*dreamers who do*’.\(^{21}\) Those who take hands on responsibility for creating innovation of any kind within an organization. The intrapreneur may be the creator or inventor but is always the dreamer who figures out how to turn an idea into a profitable reality. An entrepreneur in a corporate organization such employees called ‘*intra-corporate entrepreneurs*’ or ‘intrapreneurs’ whereas entrepreneur is someone who fills the role of an intrapreneur working for himself and the society. Hence, intrapreneurs are the integrators who combine the talents of both the technologists and the marketers by establishing new products new process and
services. However, they are not necessarily inventors on new process and services like entrepreneurs. Intrapreneur’s contribution is restricted to taking new ideas or copying the product designs of their competitors and turning them into realities. They are goal oriented and self-motivated. They are also self-confident and courageous. They usually undertake moderate risks. They do their own market research very much similar like entrepreneurs. Intrapreneurs introduce new products, services and processes which enable the company to succeed and progress according to the changes which take place in the environment. Intrapreneurship is not just a way to increase the level of innovation and productivity of organizations, but more importantly, it is a way of organization vast business on sound footing, there by contribution to the well being of society. More importantly, intrapreneurship rewards organizations with productivity and profit.

**Role of Small Business:**

The independent businessman has a role quite different from that of a high growth entrepreneur or corporate business manager. As a risk-taking owner of an entrepreneur venture, innovation and growth require the organizational abilities to gather resources and establish new venture teams. Small business owners think strategically, but do not develop strategic plans,
are concerned about market demand, but are not engaged in market research.\textsuperscript{22} Most business failures are attributed to the incompetence of the owner; small businesses are often operated in a technically sound manner but managed inefficiently. It is for this reason important for small business entrepreneurs to become better educated in business matter.

SSI Sector in India creates largest employment opportunities for the Indian people, next only to Agriculture. It has been estimated that a lakh rupees of investment in fixed assets in the small-scale sector generates employment for four persons. Food products industry has ranked first in generating employment, providing employment of 4.82 lakh persons \textit{(13.1 per cent)}. The next two industry groups were non-metallic mineral products with employment of 4.46 lakh persons \textit{(12.2 per cent)} and Metal products with 3.73 lakh persons \textit{(10.2 percent)}. In Chemicals & Chemical products, Machinery parts and except electrical parts, wood products, basic metal industries, paper products & printing, hosiery & garments, repair services and rubber & plastics, the contribution ranged from 9 per cent to 5 per cent. The total contribution by these eight industry groups being 49 percent. In all other industries the contribution was less than 5 per cent.\textsuperscript{23}
Forms of Business Organizations:

Business may be defined as an activity, in which different persons exchange something a value, whether goods or services for mutual gain or profit. Organization of business would, therefore, refer to a scheme of assigning duties upon some definite basis to persons engaged in a particular undertaking. Business activities are undertaken by various types of organizations. All the business organizations can be divided into following categories:

A. Private Sector:

Private sector consists of those business organizations which have entirely private ownership. Following are the examples of private sectors.

1. Sole proprietorship.
2. Partnership.

B. Public Sector:

Public sector means enterprises owned and controlled by the state. There are three forms of public ownership.

1. Departmental organization.
2. Public or Statutory Co-operation.

**C. Joint Sector:**

In Joint Sector, private entrepreneurs and the public jointly share the ownership, management and control capital is shared as: State Government 25 per cent, private enterprise 25 per cent and public 46 per cent. The object of joint sector is to share technological developments, to mobilize financial resources and to take the advantage of good management’s skills.24

**Importance of Small Scale Industries (SSI):**

Small-scale industry is classified as traditional and modern are broadly classified into five categories viz. ‘Khadi and Village Industries’, ‘Handlooms’, ‘Handicrafts’, ‘Coir’, and ‘Sericulture’. Small-scale industries (SSI) play a strategic role in the progress of the region. These industries largely represent a stage in economic transition from traditional to modern technology. Small-scale industries occupy prominent position in the development of our country. This is because of their importance in enhancing the economic growth of a country. Small-scale industries play an important part in the productive activities of developed as well as developing countries. The proper development of SSI is vital for the healthy growth of our economy.
The primary object of developing small industries is to generate better employment opportunities, raise incomes and standards of living and bring about the more balanced growth for integrated economy. It is a truth that small industries are the engines of growth in any economy. They are the job providers and the technological innovators. The sector has a high potential for employment, dispersal of industries, promoting entrepreneurship and earning foreign exchanges to the country. Small is beautiful, efficient, innovative and creative where pursuit for progress is endless and growth is their way of life. Small industries contribute as much as 35 per cent of India’s Export, 45 per cent of Industrial Production, 65 per cent of Services, 80 percent of Employment generation.25

The importance of small-scale industries is a global phenomenon encompassing both the developing and developed countries. Normal McRae predicts that the age of Mammoth Corporation was over and the future lay with small, dynamic, efficient production groups that could respond quickly to customer needs globally, the emphasis is on the small enterprises holding the key to growth with equity and proficiency.26 In India, small industry refers to manufacturing activities. Recently, it has also come to include, to a limited extent, servicing activities such as repair and maintenance shops and few
community services. Small firms seem to have an edge in industries that call for personalized service, attention to detail and the flexibility to adapt quickly to change in the business or technological environment. Small enterprises are almost always locally owned and controlled, and they can strengthen rather than destroy the extended family and other social systems and cultural traditions that are perceived as valuable in their right as well as symbols of national identity.

Small-scale industries do not require a high level of technology. These are generally labour intensive and do not require a large amount of capital. The energy of unemployed and under employed people may be used for productive proposes in an economy in which capital is scarce. SSI projects can be undertaken in a short period and hence can increase production both in the short and the long run. Most developing countries are rich in certain agricultural, forest and mineral resources, small scale enterprises can be based on the processing of locally produced raw material. By creating opportunities for the small business, small industrial enterprises can bring about a more equitable distribution of income which is socially necessary and desirable. It helps to create economic stability in society by diffusing prosperity and by checking the expansion of monopolies. The development of SSI enterprises will create jobs in rural areas of the developing countries where unemployment and under
employment are high. This will help in reducing the exodus of workers from the rural to the urban areas in search of jobs. Apart from the linkages between agricultural of rural development and SSI, there is an essential linkage between large-scale and small-scale enterprises in the sense that the former create opportunities or facilities for the growth of the latter. Due to all these importance, the development of small enterprises has been assigned a crucial role in India’s five year plans.

The significant growth of small-scale industries in India over the last six decades is on account of the high priority accorded to this sector by the Central Government and Reserve Bank of India. The number of SSI units increased from 8.74 lakh in 1981 to 34.64 lakh in 2002. The SSI units have made significant contributions in terms of output, employment and export earning. The sector is important because it promotes growth with equity. Its rate of employment creation across the country is among the fastest for any sector.27

**Entrepreneurship development in Small-scale Industries:**

The concept of Small-Scale Industries has supported a new class of talented entrepreneurs. SSI contributes significantly to social and economic development objectives such as employment, income distribution, rural
development, eradication of poverty, balanced regional development and promotion of entrepreneurship. Development of entrepreneurship in small-scale industries is the only alternative to solving the unemployment, equitable distribution of the national income, mobilization of local resources, Minimum capital base, etc.

Small businesses and entrepreneurs often provide needed innovations in all areas of industry when the larger companies cannot change quickly. This kind of entrepreneurial flexibility causes a constant fluctuation of the market, as well as pressure for businesses to be more competitive. Thus, businesses are always changing. And the jobs that go with them are changing also. It is intended primarily for the prospective entrepreneurs as a guide and it may also serve to indicate the direction in which developmental agencies, both governmental and other can proceed for promotion of the small-scale industry sector.

**Role of Entrepreneurship in Small Business:**

Effectiveness of small business depends upon the entrepreneurial and managerial capabilities of those involved in the business. Because of its size and unique operating characteristics, a small business requires a management
approach, which is also unique. Small business is generally managed in a personalized fashion. The owner is also the manager until the business grows to a certain level. They participate in all aspects of managing the business and there is generally no sharing in the decision making process. As far as scope and scale of operations is concerned, small business usually served a local market rather than regional or national or international market. They also tend to have a very limited share of a given market. These special characteristics must, therefore, be taken into account in planning for small business development on a national scale.

He looks forward to the next decade. He shall be managing under more difficult conditions than ever before and more will be expected from him. That is a challenge he should welcome, since he has chosen to be managers not caretakers. He alone can meet the expectations of ordinary people in the next decade, by providing them with the goods and services they want, by enabling them to find the satisfaction at work they are looking for and by helping them to tackle community problems. What he will require above all in the years ahead is the confidence to meet that challenge to the full.
**Contribution of Small Business Entrepreneurs:**

There is a wide range of significant contributions that entrepreneurs and entrepreneurship can make to the development process of small industry. These are:

- Entrepreneurship raises productivity through technical and other forms of innovations.
- Entrepreneurship plays a strategic role in commercializing new inventions and products.
- Entrepreneurship plays a critical role in the restructuring and transformation of economy.
- Entrepreneurship helps reduce the ossification of established social institutions and the concentration of economic power.
- Entrepreneurship and entrepreneurial behaviour can breathe vitality into the life of large corporations and governmental enterprises.
- Entrepreneurs make markets more competitive and thereby reduce both static and dynamic market inefficiencies.
- Small Entrepreneurs operating in the informal sector establishes government authority when government and their programmes inhibit economic development.
- Entrepreneurs stimulate a redistribution of wealth, income and political power within societies in ways that are economically positive and without being politically disruptive.
- Entrepreneurs improve the social welfare of a country by harnessing dormant, previously overlooked talent.

**Characteristics and Relevance of Small Enterprises:**

Distinctiveness of small enterprises from the survey observation may be explained as below:

- a. Their flexibility make them best suited in environments where intervening variables play a large part in day-to-day business management.

- b. Small enterprises have a better change to carry out a number of innovations like combinations of new product or service new materials, new methods of productions, new markets, new sources of materials and even new forms of organizations.

- c. Being change susceptible and highly reactive to socio-economic influences on the outside, small units can easily adapt to and adopt measures that will ensure not only their own viability but also the growth of the economy in which they are situated.
d. Being fairly labor intensive, they provide an economic solution by creating employment and income opportunities in urban and rural areas at relatively low cost of capital investment.

e. Decentralization and dispersal of hotels into rural areas prevent the influx of job seekers in cities and urbanizing centers, thus allowing for a more balanced growth of economy.

f. By using indigenous raw materials and the promotion of intermediate and capital goods, small business can contribute to faster economic growth in a traditional economy.

g. Being set up by individuals, they provide a productive outlet for expressing the entrepreneurial spirit of human resources.

Utilization of Local Resources:

The following benefits are come up from small business as far as utilization of local resources is concern:

- Creating jobs at relatively low capital cost.
- Diversifying industrial business structure and hindrance to monopolies.
- Providing a vehicle for introducing a more equitable income distribution.
- Attracting and utilizing indigenous entrepreneurship.
- Developing a pool of skilled and semi-skilled workers as a basis for future business expansion.
- Improved forward and backward linkages between economically, socially and geographically diverse sectors of the economy.
- Providing opportunities for developing and adapting appropriate technological and managerial approaches.
- Increasing mobility for the improved development of natural resources.
- Adapting flexibility to market changes.

**Managerial Entrepreneurship:**

The term ‘Entrepreneur as Manager’ is defined in a variety of ways. Yet no perception has been arrived at on the practice, skills & abilities that make a person a successful entrepreneur. Entrepreneurship is neither a ‘science’ nor an ‘art’. It is a practice due to multitude aspects involved in entrepreneurship, it is remained unoccupied territory bordered by economics, history and sociology. It defers according to cultural setting of enterprise. Franck Knight described the supply of Managerial Entrepreneurship to multiplicity of psychological, social and economic factors. Schumpeter defines it as a function of innovation, Frank W Young as a function of group level patterns, Bert F. Hoselitz as a function of managerial skill and leadership, Fredrick Haribinson as a function of
organization building capacity, McCeland as function of big ‘N’ achievement, Harey Leibenstein as input completing and gap filling, Evereff Hagen as a function of status withdrawal, John Kunkel as function of social, political and economic structure and Max Weber as a function of religions belief. Besides many definitions trying to cover the range of Managerial Entrepreneurship functions, one can briefly list out the possible functions, usually carried out by SSI unit entrepreneur managers as: Planning the project target, Organizing factors of production, Risk bearing, Management, Uncertainty bearing, Innovation, Selection of product line, Determining capital needs, Selecting location, Studying government regulations, Studying production and marketing, Co-ordination with outside agencies and so on.

**Regional Imbalances and Rural development:**

In most developing countries, industry including small businesses is highly concentrated in a few places. As a result, regional imbalances are aggravated between the urban core and the peripheral areas with the latter remaining relatively underdeveloped; urban and rural populations, with migration of the more vigorous elements depleting the rural society and increasing urban unemployment; and major regions within the nation, leading to political tensions. Both large and small industries contribute to these
imbalances, the latter when stimulated by or dependent on the former. But small industry generally has more location flexibility; it requires fewer infrastructures and usually caters to a narrower geographic market. Its relatively labour intensive technology is appropriate for the lower wage rates prevailing outside the metropolitan centers, while helping in some measure to raise these rates. Comparatives studies suggest that the profitability of small business is higher in medium size towns, away from the metropolis, so the promotion of small business development in outlying town helps individual entrepreneurs as well as the society as a whole.

A major problem in the rural areas of developing countries is under employment, especially in the slack agricultural seasons; rural income as depressed and migration to the cities increase. More non-farm jobs need to be created and, whether these are small business, because of infrastructure, market radius, and labour skill requirements. Agricultural processing industries create employment and increase returns to farmers. But their peak demand for labour is likely to coincide with the peak agricultural season rather than complement it. Other types of small-scale perennial production, such as micro outlets, black smiting, brick making, limekilns, tailoring, carpentry and furniture making, motor garage, are indispensable to rural development.
Changing Role of Entrepreneurship in the Era of LPG:

The entrepreneurs have to play a very important and dynamic role in the era of Liberalization, Privatization and Globalization (LPG). The entrepreneur will have to strive hard in setting a goal to make India a developed nation. Since India has to keep pace with the developments which are taking place in UK, USA, Japan and other industrially advanced countries.\textsuperscript{31}

Privatization is a major economic reform implying transfer of economic power from the Government to the Private sector and the process of business decision making is transmitted to private individual firms in a free market economy. In other words any process which reduces the involvement of state in the economic activities of a nation is a privatization process. Globalization is dominate force in the 20\textsuperscript{th} century’s last decade, is shaping a new era of interaction among nations, economies and people.\textsuperscript{32} It is increasing the contacts between people across national boundaries in economy and people. With the liberalization of the economy, India offers substantial opportunities for entrepreneur in the areas of power generation, food processing, mining and telecommunication.
In developing countries, small enterprises started with the groups of traditional small business set up by sole proprietors in retail 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 or diversify. 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 gestating, employment oriented and medium based enterprises. In addition, development within the agricultural sector has also been resulted in the creation of agro-business activities.

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