CHAPTER 1

INTRODUCTION
The growth of entrepreneurship in any social organization is a complex process. It is a result of an interaction of numerous factors such as natural endowments, historical tradition, cultural and educational standards, social stratification, moral values, family organization, social cohesion and economic development. Hence, documenting the historical evolution of entrepreneurship is not an easy task. For understanding the process of entrepreneurial development, an attempt has been made to classify it in different stages of development.

Before India came into contact with the West, Indian economic system consisted of isolated, self-sufficient, and self-sustaining villages. It consisted of various artisans, farmers, and Brahmin religious priests. The peculiar feature of the Indian village community was that the majority of the artisans were servants of the village (Gadgil, 1973: 10). Certain occupations like goldsmithy, iron smithy, and carpentry, etc., were hereditary and passed through by tradition from father to son. This hereditary division of labour effectively controlled
the indigenous artisan groups from the pressure of external competition. There was elaborate division of working force based mainly upon caste. The occupational immobility generated sanctified by the caste system was one of the important features of economic organization in ancient and medieval periods of Indian history. Commercial activity remained a monopoly of the Vaisya (merchant) community. The members of other three Hindu Varnas – the Brahmins (priestly caste), the Kshatriyas (the martial caste or warrior caste), and Sudras (the service castes) – refrained from commercial activities during the ancient and medieval periods of Indian history (Tripathi, 1981: 53).

Art and industry reached the highest pinnacle of glory during Mohammedan suzerainty or dynasty. During this period, India was famous for handicrafts such as chintzes of Lucknow, dothies and dupattas of Ahmedabad and silk-bordered cloth of Nagpur and Murshidabad, the shawls of Kashmir, Amritsar & Ludhiana. India was also quite famous for her artistic industries like marble work, stone carving, jewellery, brass, copper and bell metal wares, wood carving, etc. All these crafts were organised in workshops also called 'Karkhanas' (factories) and in the artisans' homes under craft guilds. A number of artisans were brought together in the state factories to whom raw material were supplied. These artisans were working for wages. They were patronized by the Mughals and Rajas. The highly centralised structure of the Mughal Empire to great extent facilitated internal as well as international trade.
Europe was the chief customer for all these Indian goods. Indian entrepreneurs used to find a ready market everywhere in the civilised world. A large number of traders and money lenders migrated to various countries such as Burma, Malya, Singapore and Kenya for the purpose of trading. They had extensive trade relations with China and Hong Kong. Explanations given by Indian and foreign historians and scholars clearly show that in the pre-colonial period there existed a high order of entrepreneurship. Thus disproves the popular belief that India had never been an industrialised country. Thus, long before the industrial revolution in the West, India was known as the 'Industrial workshop of the world'. She was the hub of a large part of the world's commerce.

Disintegration of Mughal Empire and Establishment of British Rule in India:

Several political factors and forces have altered supremacy of Indian trade, and commerce. The discovery of the sea route to India via the Cape of Good Hope changed the whole phase of trade and industry. Because, the trade started to gravitate into the hands of Europeans who gained concessions in the form of low customs duties, free land, etc.

Meanwhile, the growth of British political power concurrent with the rapid disintegration of the Mughal empire and Clive's victory at Placy in 1757, started a new epoch in political and economic history of India. The establishment of political
supremacy of the British in India brought about its own far reaching consequences on India.

The disintegration of the Mughal Empire dragged the indigenous industries to the lowest ebb of depression. The British taking advantage, began to dominate trade, commerce & industry. Their competition with indigenous artisans, fostered the decay of handicrafts. This decay and decline was very rapid in the British territory when compared to the states ruled by Native rulers in India, where the decline was very slow and almost imperceptible. In exceptional cases, the princes even retained some of the best craftsmen giving them a regular salary. The disappearance of Native courts had another important repercussion on the establishment of alien rule in India. It directly affected the Indian handicrafts by steadily curtailing the demand for their products. The disappearance of courts forced the desperate artisans to discover new sources of demand. In exceptional cases, the rich urban classes, many of whom were the descendants of old noble families or the newly educated classes, who become the natural successors to the position of nobles, they succeeded in arresting the rapid decay of these handicrafts by providing a new source of demand.

In almost every field of manufacturing activity, foreign entrepreneurs competed with native Indian entrepreneurs. As far as textile goods were concerned, the competition was severe, and intense. Here, Indian manufacturers were hopelessly beaten by the machine-made cheap goods.
Gadgil (1973:42) asserts that colonial rule adversely affected the industry in another way. It indirectly weakened the power of guilds and other bodies which not only regulated the trade, but also supervised the quality of raw material used. As soon as these supervisory bodies lost their power, many evils began to creep in immediately. There was, for example, the adulteration of materials, shoddy and slovenly workmanship, etc.

On account of all these factors, industries began to decline and by the middle of the nineteenth century most of them were in a totally decayed condition. This decay, brought about by colonial rule, either directly or indirectly, made the economic development of Colonial India not only lopsided but also depressed. It brought about unemployment, rapid ruralisation, and increased pressure on land. Till 1813 A.D., India was chiefly an exporting country. From then onwards it suddenly became an importing country. The consequences of British rule, as Ranade (1920:93), observes, was that India in nineteenth century, became:

"...a plantation, growing raw produce to be shipped by British agents in British ships, to be worked into fabrics by British skill and capital, and to be re-exported to the Dependency by British merchants to their corresponding British firms in India and elsewhere".
However, there are some scholars who contradict the above conclusion. They do not view colonial rule as being detrimental to Indian entrepreneurship. On the contrary, they correlate the entrepreneurial growth in the colonial era with the establishment of British rule. Sharma, K.N. (1967:3), opines that the colonial era gave a new stimulus to Indian businessmen by injecting various changes in the Indian economy, and accelerated the export of raw materials and imports of finished goods.

The East India Company specifically influenced the Parsi business community, who were known to be expert ship builders since the seventeenth century. Between the seventeenth and eighteenth century, the Parsis moved to various trade and commercial occupations related to the functioning of the East India Company. After establishing the First factory of the East India Company at Surat, the Parsis established a good rapport with the British. They collaborated with the British agency houses as brokers or junior partners, or as both. They also acted as suppliers of commodities, and craftsmen in the shipbuilding industry. The First ship building establishment of the company was in Surat wherefrom (1673 onwards) Parsis built vessels for the East India Company. The most prominent of them was Shipwright Lowjee Nushirvan, who migrated to Bombay around 1735. He was a member of a Wadia family from which came many leading shipbuilders of Bombay. Besides in 1677, Manjee Dhanjee received a contract for ship building and established the First gunpowder mill in Bombay for the East India Company. A Parsi foreman of a
These facts may give the impression that the East India Company contributed towards entrepreneurial growth in Colonial India. But it is very difficult to say whether the East India Company did it deliberately for the growth of entrepreneurship or because it was just by chance that the people came into contact with manufacturing. However, scholars are of two views. Some scholars hold the view that the British were mainly responsible for the industrialisation and entrepreneurial development of the country, whereas other scholars firmly believe that the British ruined Indian cottage industry. In their opinion, the role of British was exaggerated.

Several scholars like Brimmer (1955: 553 & 76), Lamb (1955: 101-116), and Tripathi (1971: M 61-62) have doubted the innovative role of the East India Company in Indian Entrepreneurial growth.

Tripathi (1971: M61-62) observes that it is debatable whether the East India Company played an innovative role, but assumes that only the agency houses did. On the basis of historical evidence and documents these scholars have admitted the contribution of the agency houses towards entrepreneurial growth in the last decade of the 18th Century in Calcutta, Bombay & Madras. These managing agency houses entered business, banking & trade after 1813. In that year, the East India Company
lost its monopoly. These agency houses had emerged in response to the shortage of entrepreneurial ability and capital and started exploiting the natural resources of India. They promoted indigo plantations, leather manufacturing and steel making.

Brimmer (1955: 558-60) opines that the managing agents—the businessmen operating in the agency houses—were the real entrepreneurs in the colonial India. It is they who introduced new methods of production, new sources of raw material, new products and new markets. However, the composition and functioning of these agency houses varied depending upon whether they were controlled primarily by Britishers or Indians. Unlike the British agency houses, the Indian agency houses were primarily financial in character. The Indian agency houses controlled the companies operating them with a view to obtaining maximum profit. They paid little attention to the maintenance of the plant. Brimmer (1955: 559) says: "In the hands of the British and more advanced Indians, the system has been a powerful instrument of economic development; in the hands of the more irresponsible Indian businessmen, it has been an equally powerful instrument for manipulating enterprises to the advantage of controlling families but to the disadvantage of the country as a whole."

In his article The Setting of Entrepreneurship in India, Brimmer has further explained the origin and the growth of the managing agency system and indicates that some of the contribu-
Briefly, it can be assumed that the East India Company and Agency houses have made some significant contributions in stimulating entrepreneurship in Indian business communities and creating some opportunities for growth. Further, entrepreneurship in the field of plantation was initiated entirely by the British towards end of 19th century when some ex-employees of the East India Company started Indigo plantations and later on, tea, coffee and rubber plantations. It was the beginning of modern industrial enterprise. But the native entrepreneurs failed to compete with the British entrepreneurs in the above plantation industry. The British were presumably not interested in cotton, textiles and steel. Therefore, Indian entrepreneurs made great headway in these areas and achieved moderate success.

The beginning of the modern factory system in colonial era can be noticed in the second half of the nineteenth century. According to Gadgil (1973: 54) "The factory industry, which is the form of industry which took the place of handicrafts during the nineteenth century almost everywhere, also finds its beginning in India during this period". The cotton, jute, and textile were the first modern factories in India followed by coal and paper. The pioneering efforts to establish all these factories were made by Europeans as well as Indians specifically speaking Parsis. The first cotton textile mill was established in 1854 by
a enterprising Parsi, Gowasjee Nanabhoy Davat in the developing city of Bombay. In spite of several adverse circumstances this textile mill achieved enormous progress and was firmly and properly established by 1875. The entire credit for the expansion of textile industry up to 1915, go to the Parsis who undoubtedly played pioneering role. Out of 96 mills existing in 1915, 41 were built by Parsis, 23 by Hindus, 10 by Muslims and 22 by British citizens (Pavlov, 1964: 253). They not only dominated the textile industry but also iron and steel.

J.N. Tata, member of the same business community played a prominent role in the development of iron and steel inspite of several failures. He gave a lead in this area in the last quarter of the Nineteenth century.

How Parsis achieved this tremendous industrial progress, and how they succeeded in sowing the seeds of industrialisation in spite of several colonial restraints, has sociological significance.

According to Medhora (1965: 564) "The Parsis had no basic roots within the country nor did they derive their religious tenets from the two main religions prevailing in India". This is one of the important reasons which favourably contributed to their advancement. Their religious belief and faith did not inhibit the choice of occupation. They had no established or defined position within the social system of India. The Parsi community had to obtain its livelihood from non
traditional or newer forms of occupations. As the events turned, Parsis were the first group in India, to make the best of the situation. They initiated the factory system in this country. In addition, they maintained a very good rapport with the British.

On the basis of above description, one may conclude that the Parsi community alone dominated the Indian entrepreneurial scene in the beginning. However, to attribute the inception of entrepreneurship solely to the Parsi community would be wrong. Because, there were some communities other than Parsis, who too have played some role.

The founder of the Ahmedabad textile industry, belonged to a Ranchhodilal Chhotalal who was born in a family of Nagar Brahmins. Nagar Brahmins were a non-business caste and considered to possess entrepreneurial qualities among Brahmins. In 1847, he envisaged the textile manufacturing on modern factory lines. He was the first Indian to think along these lines and directed his efforts to materialize his venture. But, unfortunately, he failed in his first attempt. Again in 1851 money was raised and, against all odds, he succeeded in his efforts and opened a mill in 1861 in Ahmedabad (Bagchi Alniya Kumar, 1970: 223).

Bechardas Laskri who followed in establishing a cotton mill in Ahmedabad, hailed from the Kanbi community. Other non-Vaisya Gujaratis who entered modern industrial ventures included N.M Tripathi, who founded a publishing firm. Gujaratis were
remarkable for their success and progress irrespective of their social background, raises several sociological questions. It is very interesting from sociological point of view (Pandit 1957: 286) to analyses the reasons. She observes that: "Gujarati setting put a prestige-value on business which no other region did. Business (of course with its corresponding way of life) was ranked higher not only to manual and unskilled work, but also higher than all other occupations."

This prestige value attached to business might have guided their choice of occupation other than traditionally prescribed caste occupation. Other Brahmins, in other parts of India also entered manufacturing. R.N. Mookerjee, established an iron industry. In Maharastra, a Bhatia family entered into textile industry and a few years later, Laxman Rao Kirloskar, an entrepreneur with sound technical and educational background, founded a company for the manufacturing of agricultural machines.

At the dawn of the Twentieth century (Oct. 1905) the 'Swadeshi movement' (which laid emphasis on indigenous goods), aroused the sentiments and emotions of Indians and attempted to discourage Indians from purchasing British goods. The partition of Bengal was one of the serious causative factors which aggravated the seriousness of the situation. No doubt this movement had positive contributions. It induced Indian investment in industrial activities under Indian management. About this time a large number of new banks were founded.
The second wave of entrepreneurial growth began during the First World War. The war not only stopped the imports of essential commodities but also created huge internal demands. The impact of this war on agriculture and industry was not the same. Gadgil (1971) observes: "the war meant to the agricultural producer chiefly a loss of old export markets. To the industrialist it meant, as in cotton and coal, a cessation of foreign competition or, as in jute, manganese and other minerals useful for munitions purposes, the creation of new demand. The war created a favorable environment for the progress of organised industries in the country".

Making the best use of this situation, the indigenous entrepreneurs reaped large profits. During these decades other industries like cement, sugar, and chemicals experienced rapid progress.

Another important repercussion of this war on entrepreneurial communities was that the relative importance of Parsis declined and other entrepreneurial communities like Gujaratis, Marwaris and Vaisyas emerged. Between Gujaratis and Marwaris, while the former lead in initiating manufacturing, the latter lead in spreading almost all over India, because they had a wide network (Sharma, 1967: 5-7). Moreover, as Medhora (1955: 558-80) thinks, a group of self-made entrepreneurs began to emerge, who by ploughing back their high profits into their small workshops, built up larger establishments.
The Second War and its Consequences:

The outbreak of the Second World War was another important event in the history of mankind. This war too gave a great impetus to the process of entrepreneurial development during the British period. This war created a very urgent demand for manufactured goods. The Government of India helped the entrepreneurs to boost the growth of industries. Many new industries, called 'War Babies' were started. As a result, Indian entrepreneurs progressively showed interest in establishing industries and earned high profits.

PART II

ENTREPRENEURSHIP DEVELOPMENT IN POST INDEPENDENCE PERIOD

This sub-section casts light on the efforts made by the Government of India in the respective Five Year Plans, the Industrial Policies framed and implemented, and the various revolutionary steps taken for the development of small scale industries, cottage industries and tiny industries, since 1947. In addition, it also discusses the initiative taken by the government of Karnataka regarding the plans and policies framed, with special reference to the SSI Sector.

Industrialisation plays a critical and pivotal role in the process of economic development. It is considered a key to restructuring the economy. It is one of the important means of ushering social and economic transformation. Hence, a majority of
the developing countries, including India, are struggling hard to industrialize their countries to facilitate a transformation and to achieve overall economic progress, and prosperity.

Our political leaders and planners, like Pandit Jawaharlal Nehru, the architect of modern India, were staunch believers in the efficiency of planned process for a balanced economic growth. Nehru was well aware of the significance and paramount importance of accelerating the process of industrialisation to change the destiny of millions of unemployed, as well as under employed and poverty stricken people.

Nehru correlating industrialisation with progress said: "the real progress must ultimately depend on industrialisation. In absence of industrialisation it is impossible for any country to achieve prosperity and progress".

Several historical reasons, factors, the ideological background of leaders and planners, as well of the experiences of industrialised countries, have influenced the Indian planners to hasten the process of industrialisation.

India, after a continuous struggle, achieved economic emancipation in 1947 and succeeded in ending two centuries of colonial rule. Soon after this event, it confronted many problems, such as absolute poverty, low standard of living, unemployment, and under employment, which are considered as some of the outstanding socio-economic problems.
Speaking of India's condition on the eve of independence, Mandelbaum (1945: 1) observed; "there are vast and densely crowded areas such as China and India and Eastern Europe where almost the whole active population remained in agriculture, although the land offers productive and remunerative work only to part of this labour force. Industrial progress has bypassed these territories..."

Hence, it became a major issue for all policy makers and planners. Naturally industrialisation was considered a panacea for many of these problems.

Industrialisation can be achieved in different ways, either by establishing the heavy industries (as in former USSR) or by establishing small scale industries (as in Japan). According to the Report of Sub-Committee (1947: 55), one school of thought lays greater emphasis on the development of LSIs on grounds of higher efficiency, low costs, uniformity of products, etc., while another school of thought, stressed the development of cottage and village industries for humanitarian and social reasons.

Nehru was a staunch believer in the efficiency of a planned process and followed a balanced approach. Nehru (1957) declared: "Planning essentially consists in balancing between industry and agriculture, the balancing between heavy industry and light industry, the balancing between cottage industry and other industry. Unless we balance heavy industries with the
growth of village industries we shall produce an unbalanced structure which may crack and fall to pieces". (From his speech at the All India Congress Committee, Indore on 4 Jan 1957)

He sincerely believed that SSIs can help considerably in the economic advancement of the nation. At the same time he was aware of the limitations of joint industry. Nehru (1953) says:

"However rapid our industrialization may be, it cannot possibly absorb more than a small part of the population of this country in the next ten, twenty or even thirty years. Hundreds of millions will remain who have to be employed chiefly in agriculture". (Speech delivered at the inauguration of All India Khadi and Village Industries Board, New Delhi on 2 Feb. 1953)

Hence, as a solution to underemployment and unemployment, regional imbalances, disparities in income, the government framed progressive policies, and planning to solve all these problems. In this connection, the government of India announced policies from time to time for promoting SSIs and TIs and VIs.

India's all Five Year Plans have given maximum priority to the elimination of poverty, unemployment, regional disparities etc.

The term "industrial policy" generally refers to the government policy towards the establishment of industries; their working and management, which includes all those principles, regulations, rules etc. which would influence the industrialisation of the country. India's policies have had a mix of economic
and social objectives. The main aim of the government of India's Small Scale Industrial Policy, is the creation of a class of small capitalist entrepreneur. The priority given to this SSIs under different Five Year plans and different industrial policies are discussed here.

**Industrial Policy Resolution-1948**

The first coherent industrial policy was announced in April 1948. Since then many policies have been framed. These policies underwent tremendous, revolutionary changes and modifications owing to the changes in the political parties, leaders and changes in their ideology.

This policy recognised the important role played by Cottage industries (CIs) and Small scale industries (SSIs) in the national economy. These industries, according to the policy (Cited in Desai, 1986: 21), are particularly suited for better utilisation of local resources and for the achievement of local self-sufficiency in respect to certain types of consumer goods.

**First Five Year Plan (1951-56):**

In 1951, the planning era was started in India, which is considered a significant event in the economic history of India. Commenting and phrasing India's First three plans, Myrdal (1968: 40), the internationally renowned Swedish Sociologist and Economist writes: "India's Three Five Year Plans represent the most serious attempts at economic planning in South Asia, or in any underdeveloped country outside the Soviet Orbit."
In 1953, The all India Khadi & Village Industries Board (KVIB) was set up. In 1954, The Small Scale Industries Development Organization (SIDO) at the Central level and Directorate of Industries and Commerce at state level, were established to offer assistance to SSEs, in securing indigenous raw materials and in sponsoring import applications for raw materials. Now, the SIDO provides a wide range of exterior services including training, testing, processing and marketing. The programme of Industrial Estates was first adopted by Small Scale Industries Board (SSIB) at its meeting held in January 1955 with a principle objective of promoting SSIs. This programme was expected to relieve the congestion and overcrowding, concentration of population in large cities. During this plan 10 industrial Estates were sanctioned to be set up by the state governments in Kerala, Tamil Nadu, Uttar Pradesh, and West Bengal. National Small Industries Corporation (NSIC), as a private Limited Company came into existence in the same year. It assisted SSEs to obtain both imported and domestic equipments on hire purchase basis to develop new markets for their product and to have better working facilities through construction of pilot industrial Estates.

Second Five Year Plan:

The Second Five Year Plan (1956-61), advocated a balanced development of all parts of the country. The SSIs and VIIs have found their rationale in the 'Mahalanobis Model' which forms the theoretical basis of India’s Second and subsequent Five
Year plans. This strategy, with its focus on the development of highly capital-intensive large scale and heavy industries, underlined the development of VIs and SSIs as a means to promote large scale employment and also meet the increased demand for consumer goods industries.

Visit of Ford Foundation Team and its Recommendation:

In 1953-54, when the Second Five Year Plan was being formulated, an International Team of experts sponsored by Ford Foundation visited India. This visit is considered an important landmark in the development of SSIs. It strongly recommended the development of urban oriented and relatively modern SSIs through massive multidimensional programme of governmental assistance.

Karve Committee Report: (1955) in June 1955

Soon after the formulation of First Five Year Plan, a committee was appointed under the chairmanship of Prof. D.G.Karve of the Planning Commission in June 1955, which recommended the gradual improvement in techniques of production without reducing job opportunities in SSI sector, marketing assistance through cooperatives, positive promotional support, etc.

1956-Industrial Policy:

This policy opened a new chapter in the economic history of India. It reiterates the approach to the problem of SSIs and CIs indicated in the resolution of 1948. According to this policy (Planning Commission, 1956; 16) "These industries offer some
distinct advantages. They provide immediate large scale employment, facilitate the effective mobilisation of capital and skill which might otherwise remain unutilised and offer a method of ensuring a more equitable distribution of national income. The need to promote, modernise and reorganise these industries is paramount.

It further recognised some of the serious handicaps of SSIs, such as the lack of technical and financial assistance, suitable working accommodation and adequate facilities for repair and maintenance. Another progress achieved in this direction was the establishment of 110 industrial estates in different states of India. This policy was aimed at spreading industrialisation in backward area to generate employment opportunities. But the question arises whether has India succeeded in this aspect?

The Estimates Committees's 107th Report on the Organization of the Development Commissioner Small Scale Industries (1966) clearly states that by the end of Second Five Year Plan, clear the small industry had not developed appreciably outside the large urban centres, and that they also appeared to have had no substantial support to encourage their dispersal.

Third Five Year Plan:

According to the Report of III Five Year Plan, "Village and small scale industries have made significant contribution in the First and Second Plans in realising the objectives of expanded employment, larger production and more equitable distribution"
The main objectives of the III Five Year Plan were as follows:

1. To improve the productivity of the worker and reduce the production costs by placing relatively greater emphasis on positive forms of assistance such as improvements of skills, supply of technical advice, better equipment and credit, etc.

2. To promote the growth of industries in rural areas and small towns.

3. To promote the ancillarisation.

4. To organise artisans and craftsmen on co-operative lines.

At the official level the Third plan working group for the Third Five Year Plan clearly suggested that the Industrial Estates could be used as a tool for regional planning.

The planning commission in 1961 constituted a Rural Industries planning Committee and developed a comprehensive scheme for the development of SSIs in backward areas. It mentioned specifically the need to avoid competition from the products of LSIs via-a-vis SSIs.

But in 1963, the Perspective Planning Team of Ford Foundation for the Forthcoming meeting of the SSIB (Small Scale Industries Board) questioned the rationality of the selection of a village having less than 5000 population to locate industrial Estates. While anticipating the outcome of such a step, it warned that: "A requirement that half of the total
allocation for Small scale industries and industrial estates be spent in villages with less than 5000 population would, if enforced be likely to lead to waste, misdirected effort, and frustration. Not only does the setting of expenditure targets in this way encourage ill considered projects, but even more fundamental, the attempt to implant modern industry on an extensive scale directly into villages of 5000 people of less is unsound development policy.

But the government, according to some scholars, did not take into account the suggestion. Nasir Tyabji (1980: 1729) writes: "neither the major conclusions of the Community Development Project, nor the thinking infusing the Ford Foundation on Teams Report appears to have influenced the other major official effort, the Planning Commissions's Rural Industries Project. The problem appears to have been that the state governments were unwilling to undertake measures of the kind required for effective regional planning, and the short term political benefits from unexpected expenditure in the so called backward seem to have won over any urge towards serious efforts at the development of industrial capitalism".

Annual Plans (1966-69) and Fourth Five Year Plan:

During this period an Administrative Reform Commission was set up to probe into the administrative pattern of the entire range of government operation. It brought out another important report concerned with small scale sector. The Committee
recommended the creation of an autonomous commission, known as the Small Scale Industries Commission to guide the development of the small scale industries. It also suggested the creation of an apex financial institution at the centre to cater exhaustively to the needs of the small scale sector. It recommended a greater emphasis on technical guidance and consultancy service provided by the Small Industries Service Institute (SISI) and suggested the establishment of well equipped laboratories for testing raw materials, components and for quality inspection. The Government in addition to the above steps, followed a policy of reserving the manufacturing of certain items for small scale sector and it resisted the entry of giant industries in this areas.

**Fifth Five Year Plan and Industrial Policy of 1977:**

This plan laid emphasis on SSIs development as a prelude to the generation of more employment, more income and more production of goods and service to encourage the generating of entrepreneurship in India.

The broad strategies followed to develop SSI and RIs during this plan were;

1. to develop and promote entrepreneurship and provide a package of consultancy services to generate maximum opportunities for self employment;

2. to facilitate fuller and maximum utilisation of skills and equipments of the persons already engaged in different small industries;
3. to improve the productive techniques of these industries so as to bring them a viable level;
4. to promote these industries in selected growth centres in semi-urban and rural areas including backward areas.

In order to meet these objectives, this plan had provided higher outlays for the development programs in CIs and SIs, especially carpet waving and handloom.

1977 Industrial Policy Resolution:

The main thrust of the policy announced on 25-December 1977 was on the effective promotion of CIs and SSIs which were widely dispersed in rural areas and small towns. Further, it expanded the number of industries exclusively reserved for small scale sector from 180 items to more than 504 items. (Planning commission's, Draft Five Year Plan, 1978: 177). Thus, it increased employment opportunities, balanced industrial development, dispersal of industries in backward areas. The promotion of the production of a vide variety of goods was the other main objective of this policy.

Sixth Five Year Plan:

The highest priority was given to the promotion of VIs and SSUs in this plan. The main objectives of this plan (Sixth Five Year Plan, Govt. of India, Planning Commission, 1981: 188) were as follows.

1. improvements in the levels of production and earning particularly of the artisans, through measures lime upgradation of
skills and technologies and producer oriented marketing, etc.

2. creation of additional employment opportunities on a dispersal and decentralised basis;

3. establishment of wider entrepreneurial base through appropriate training and package of incentives;

4. creation of a viable structure of village and SSI sector and village so as to progressively reduce the role of subsidies; and

5. expanded efforts in export promotion.

1980-Industrial Policy:

This policy laid emphasis on balanced and harmonious development of all sectors of industries. The 1980 Industrial policy states (Sixth Five Year Plan, 1980-85, Govt. of India, Planning Commission, 1981: 190, 191) while making all efforts towards integrated industrial development, it is proposed to promote the concept of economic federalism with the setting up of a few nucleus plants in each district, identified as industrially backward, to generate as many ancillaries and small and cottage units as possible. Further, the reservation of items for SSIs and the policy regarding marketing support continued.

The actual policy support for SSI and VIs according to the 1980 Industrial Policy (Sixth Five Year Plan, Govt. of India, Planning Commission, 1981: 191) can be summarised as follows.

1. Integration of promotional programs in the sector with other area development programs.
2. Reconstruction of the organizational base at the district level;
3. Development of appropriate technologies and skills; their effective extension and transmission;
4. Increased availability of raw materials including the creation of buffer stocks.
5. Accelerated flow of institutional funds in favor of VISs and TIs and rationalization of interest rate structure.
6. Organization of producer oriented marketing both within and outside the country;
7. Strengthening and extension of co-operative form of organization specially for the CIs and TIs; and
8. Building up of a sound data base to facilitate proper policy formulation and evaluation.

Seventh Five Year Plan (1985 - 1990):  

The overall objective and strategy of Seventh Five Year Plan (Planning Commission, 1985; 99,100) was food, work and productivity. This plan attempted at improving the economic and occupational profile of urban, semi-urban and weaker section of urban communities through the promotion of VISs and SSIs. It was believed that this sector would assist the growth and widespread dispersal of industries, create avenues of self employment, ensure regular supply of goods and services through use of skills, and resources preserve craftsmanship and art heritage of the country. To materialize these objectives, it was decided to improve the productivity and enhance the quality. It attempted an
optimum utilisation of the existing capacities by strengthening the program of ancillaryisation. It tried to improve the linkage between LSIs and SSIs, the promotion of EOUs, strengthening and enlarging of skill profile and the entrepreneurial base to enhance opportunities for self employment.

1990-Industrial Policy:

V.P. Singh's National Front Government declared that it would promote industrial development and employment generation. His government created a separate department for SSIs and Agro and Rural Industries in the Ministry of Industry. In April 1990 Small Industrial Development Bank of India (SIDBI) was also put into operation to strengthen the fiscal and financial support available to SSEs.

Industrial Policy of 1991:

The basic objective of 1991 industrial policy was that of imparting dynamism to the small scale sector. Further, it tried to correct some of the weakness of this sector, such as technological backwardness, lack of marketing support and weak financial support. It also proposed to provide a one-time benefit preference in land allocation and power connection. In order to impart dynamism to the Small Scale Sector and provide easier access to marketing facilities, the government proposed to allow freely, large and foreign companies to acquire upto 24 per cent equity in SSIs. It was hoped that it would encourage ancillaryisation and provide greater stability to the functioning
of the SSIs and help boost employment output. The Investment limits for SSIs and AIs was raised to Rs. 60 lakhs and 75 lakhs respectively. The list of items reserved for SSI sector was also expanded. This policy also widened the scope to include industry related service and business enterprise (earlier the term 'industry' by and large was confined to manufacturing activity). For the first time, according to G.V. Raman (1991: 415-420) there was an explicit attempt to distinguish between small and tiny units. Earlier, though on paper, this categorisation existed, in terms of actual policy measures, there was none. According to J.C. Sandasara, (1991: 2425) policy measures of the new small scale industries policy well directed to reduce and mitigate the handicaps of the Small Scale sector. However, this policy was not free from criticism. Raman (1991) in his article published in *Economic Times* criticised that the government did not evolve any mechanism to liberate SSEs from the rule of 'Inspector Raj'. Whereas J.C. Sandesara (1991: 2425) feels that this policy gives importance to the problem of industrial sickness.

**KARNATAKA GOVERNMENT INDUSTRIAL POLICIES**

The process of industrialisation started in Karnataka state prior to independence. It was started in the state as early as 1884, with the establishment of the first textile mill in the state in the year 1884. But, some records shows that sugar was being manufactured in the state even as early as 1800. The credit of initiating the process of industrialisation goes to the rulers of Mysore (old name of Karnataka state) and also to the
Dewan of Mysore, Sir Visvesvarayya, who declared "Industrialise or perish". They made all efforts to develop industries in the state. Further, they also developed infra-structural facilities as a first step. The main infra-structure created was the construction of railways in 1877. The starting of the flow of electricity from Sivasamudram in 1902 marked the beginning of new era in the state's industrial development. The Department of industries and commerce constituted in the year 1913, further stimulated the industrial activities in the state. The State Bank of Mysore was also established in the same year. All these developments were followed by the establishment of many Public Sector Enterprises, like Sandalwood Oil Factory at Mysore in 1916, and Mysore Iron and Steel Works at Bhadravati in 1923 etc.

The decade 1931-41 touched the highest watermark of industrial activity in the state. Many important industries like gold mining, heavy industries like the Air craft Factory, Mysore Chemicals and Fertilisers, the Mysore Sugar Company were established. Thus, many government owned as well as private industries were started in the state.

According to Shiva Ramu, the Mysore Government wanted (1983: 173-201): "Mysorians to start their day with Mysore coffee, with Mysore sugar, wash with Mysore soaps, wear Mysore silk, or Mysore cloth, build their houses with Mysore steel and the use the electricity generated in Mysore, and write on Mysore paper".
After India’s independence in 1947, a new era was started in Karnataka state. To sustain the pace of industrialisation, the government adopted progressive policies and declared a package of incentives to boost industrialisation.

The Government of Karnataka is committed to policy of rapid industrialisation in all parts of the state.

1988 Industrial Policy of Karnataka State:

The Government thoroughly examined the impact of Industrial policy resolution of 1983 and decided to reorient and restructure the old policy to achieve the accelerated industrial development in all sectors, including small scale sector. On 1-4-1988, a package of incentives was announced for a duration of 5 years.

This package of incentives were not available to the industries already in existence, or for expansion and diversification. In other words, the old industries which were already in existence were to remain outside this package of incentives. The government’s intention was to promote the establishment of new units.

This policy advocated a balanced and homogeneous growth of industries in all sectors viz, small, medium and large scale. Another intention of this policy was to disperse industries in backward area. Industries were encouraged to move away from areas of high concentration.
This policy has many objectives. (Proceedings of the Government of Karnataka, Commerce and Industries Department).

To widen the social base of entrepreneurship, it declared special incentive to scheduled caste, scheduled tribe, minorities and women. Local entrepreneurs received special attention. The entire Karnataka state was divided into 3 zones. The first zone, second zone and third zone cover 13, 31 and 131 taluks respectively. The areas coming in the First zone are industrially developed, whereas the Second zone includes talukas which are developing. The Third zone includes taluks which are backward. The concessions and subsidies made available to SSIs vary from one zone to the other. Except the First zone which is industrially advanced, the remaining zones were given all benefits. An Investment subsidy of 15 percent and 20 percent of the value of fixed assets was made available to the industries coming up in the zone II and III respectively. An additional five percent investment subsidy, subject to a maximum of Rs. one lakh, was declared for scheduled caste and scheduled tribe and physically handicapped entrepreneurs. In the allotment of scarce raw materials, the allotment of shed/land, etc., women entrepreneurs were given priority. Further, the government also declared sales tax concessions. The zone III comparatively gets more incentives and concessions than the II zone.

The Commissioner for Industrial Development and Director of Industries and Commerce was made administrator for this package of incentives and concessions.
Industrial Policy of 1990

The Government, after a careful examination of the impact of the Industrial Policy Resolution of 1983, decided to reorient the state's industrial policy with a view to achieve an accelerated industrial growth in all sectors, namely tiny, small, medium and large scale industries in the state. The Karnataka government did not want the state entrepreneurs to be placed in a disadvantageous position.

The zonal classification has been further continued. However, this time the government classified the Karnataka state into four zones. The first zone comprises of 2 talukas while II zone 38, and III zone covers 129 talukas. Another six talukas were kept in zone 4. It was also decided to set up three growth centres at Dharwad, Hassan, and Raichur. In this industrial policy also the concessions and incentives made available to industries, vary from one zone to another. The units established in the zone II receive comparatively less benefits than the other zones. The industries coming up in the zone II, III and IV are exempted from sale tax for 3 years, 4 years and 5 years from the date of commencement of commercial production, respectively. In addition to the above concessions and incentives, attempts have been made for the promotion of electronic, telecommunication and informatics industries to be set up in electronic cities at Mysore and Dharwad. Just as in the industrial policy of 1983, special concessions were given to Scheduled caste and scheduled tribe, minority, women and the physically handicapped entrepre-
neurs. This policy also considers Ex-servicemen as a special category of entrepreneurs.

**Industrial Policy of Karnataka State - 1993**

The Government of Karnataka, after a lengthy discussion with concerned departments, organizations and agencies, announced a new industrial policy during July 1993. It restructured the state's incentive package. The Government, as a part of the attempt to attract industrial investment, has virtually given a backward status to 173 of the state's 178 talukas by classifying them as "developing areas eligible for incentives and concessions". The main incentive is the sales tax exemption for six years for small scale industries established in the developing areas. This industrial policy enhanced the investment subsidy to 30 per cent for small scale units and 25 per cent for tiny units set up in the developing areas and growth centres. The tiny units and small scale units in the thrust sector are made eligible for an additional subsidy of five per cent. The Government considers electronics, telecommunications, informatics, agro-based, ready made garments, equipments for pollution control, sericulture based industries etc. as the thrust sector industries.

The policy has also announced new concessions for export oriented units (EOUs). It has also decided to create a nodal authority to manage and maintains industrial areas and estates. The existing infra-structural agencies like KSIDC, the Karnataka Industrial Area Development Board are to develop specialised
industrial areas and estates, having all infra-structural facilities in important growth centers of the state. It was also decided to simplify the procedures pertaining to the conversion of agricultural land into industrial land. The procedures for obtaining exemption under the Urban Land Ceiling Act was also made simple. The policy also states that the new industrial units undertaking new industrial investments in the tiny and small scale sector will be eligible for stamp duty concessions, and concessional registrations charges in respect of loans and credit deals executed in favour of financial institutions. Also deeds executed for availing industrial plots and sheds allotted by state infra-structural agencies in developing areas and growth centres will be given concessions, price preference for products manufactured by local SSIs is to be strictly enforced with an intention of boosting Karnataka's image on the country's industrial map. (Economic Times, 9th July 1993)

SECTION - B

THE REVIEW OF LITERATURE

The entrepreneurial phenomenon has long been the focus of much theorising and research. Since the time of Cantillon and up to the present time, many French, and English Economists, and also American Economists, have made an attempt to explore the various dimensions of the concept of 'entrepreneurship' and entrepreneur. In the present era too many scholars, belonging to various academic disciplines such as Sociology, Social
Psychology, Economics, Business Management and Commerce have shown a keen interest in studying entrepreneurship, in accordance with their respective perspectives. Sociologists, for example, have analysed entrepreneur as a sensitive energiser in the broad spectrum of social change.

Psychologists, and Social Psychologists, that is behavioral Scientists in general, are concerned with the analysis of the motivations, risk taking propensity and aspirations, etc., of entrepreneurs. Economists and scholars in Commerce have studied the different aspects such as Capital output ratio, symbiotic relationship that exists between small and large scale industries, role of entrepreneurs in the economic transformation and industrialisation, etc.

Scholars of Business Management have been studying the decision-making aspect in small scale industry. However, economists have until now largely dominated the field of study concerning entrepreneurship and entrepreneurial activity. Even in the development of the concepts, economists have played very important and dominant role. Many of the early French Political economists, Neo-classical economists and modern thinkers hail from Economics, such as Cantillon, Say, Adam Smith, Marshall, etc. But, administrators, policy makers and planners are also now looking to other social scientists and behavioural scientists for guidance and suggestions, because there are many Sociological as well as Psychological variables and factors
which are as important as economic factors and which also influences the pattern of economic development.

Pointing out the scarcity of sociological investigations, the Report of Hyderabad Conference (UNESCO, 1963: 33) asserts that, "Research has not been undertaken from the point of view of Sociology or social Psychology with the result that the relationship between social structures and small scale industries has been some what ignored".

But many writers point out the scarcity of empirical studies. Brockhaus (1988: 60) in his article "Entrepreneur Research: Are We Playing Correct Game", published in American Journal of Small Business, declares: ".....there are major gaps in our understanding of entrepreneurship, researchers need to continue to develop theories of entrepreneurship based upon empirical studies."

This is why many assume that, the empirical research on entrepreneurship is of recent origin. They opine that, it is only recently that entrepreneurial and managerial ability has been accorded full recognition as one of the major important causes of economic development and progress.

The major studies conducted in this area can be classified into two types. Firstly, studies pertained to entrepreneurship in the small scale sector and those pertaining to the large scale sector.
According to some scholars, researchers in general have neglected entrepreneurship in small scale sector. Hoselitz (1968: 140-44) rightly points out that the research trend in studying small units had been largely ignored by the researchers. V. Lakshmana Rao (1986: 72) says: "It is significant to note that one finds very few empirical studies on an industrial entrepreneurship in the country and in different regions....Majority of the existing studies deals with entrepreneurship in large scale manufacturing sector".

But fortunately the situation is not so bad as opined by many scholars. There are some studies conducted by Indian scholars as also by foreign scholars on Indian entrepreneurship and entrepreneurs. They have enriched this field by their empirical and theoretical contributions.

An attempt has been made here to present a brief review of literature on studies done so far in the field. The relevant works comprising research articles, unpublished theses and books have been covered.

**REVIEW OF LITERATURE**

Max Weber (1930: 13-31, 80-92) has correlated the genesis and performance of entrepreneurs to their ethical value system in the case of Protestants (1930) and many other religious communities such as Hindus, Jains, Buddhist, etc (1960). The
main theme of Weber's thesis was that the spirit of rapid industrial growth depends on a rationalised technology, acquisition of money and its rational use for productivity and multiplication of money. He illustrated his theoretical formulation by the relationship that he found between Protestant ethic and the spirit of capitalism. He also found that this thesis is also true about other communities such as Hindu, Jain and Judaist. He held that Protestants progressed very fast in bringing capitalism because their ethical value system provided them with rational economic attitude, while Jews and Jains (1960:193-204) failed to develop industrial capitalism because of their value of 'Pariha' (the restriction of having any contact with other communities). Economic development was the outcome of rationalisation of technology and accounting system, and acquisition of capital and its productive use.

Brozen (1954:339-364) holds that social marginality promotes entrepreneurs. It was believed that individual or group of individuals on the perimeter of a given social system or between two social systems or between two social systems provide the person to assume entrepreneurial roles. They may be drawn from religious, cultural or migrant minority groups and their marginal social position generally believed to have psychological effects which makes entrepreneurship attractive for them. McCrory's (1956) case study of small scale entrepreneurs in Chopur (fictitious name) and Moradabad in Uttar Pradesh, a
North Indian State, tries to discover the typical pattern of growth in the SSIs by comparing the case histories of individual enterprises and also the factors most commonly associated with their growth as well as stagnation and decline. His analysis is focussed more on Crafts-man entrepreneur whom he considers as a needed source of "good entrepreneurs". Regarding the emergence of this category, he opines that, skilled mechanics in large factories often feel insecure as employees. This feeling of insecurity has significantly contributed to their emergence. The desire to improve social status is another contributing factor. He also makes policy recommendations for providing Crafts-man entrepreneur an opportunity to grow, especially through working capital.

According to McClelland (1961 and 1971: 7-15), entrepreneurial growth can be discussed in terms of need for achievement motivation (n-Ach). It is conceived major determinant of industrial and economic growth. After studying American college students he found high positive correlation between their level of n-Ach and successful economic activities. This achievement motivation is inculcated through child rearing practices or socialization process which stress standards of excellence, maternal warmth, self-reliance training and low father's dominance.

Hagen (1962: 151-180) opines that, the creativity of a disadvantaged minority group is the main source of entrepreneurship. He developed thesis from the case of the
Samurai community of Japan. Samurai community once enjoyed a high status and it was deprived later. To regain this lost status and prestige, community became more active and vigorous and gave rise to many entrepreneurs.

Several scholars such as Papnek (1962: 46-58) in his contribution "The Development of Entrepreneurship", and Harris (1970: 347-369) emphasized role of economic factors in the emergence of entrepreneurs. According to these scholars, the psychological drive for monetary gain or the desire to improve real income is present in all societies. What actually matters more is economic environment. The economic conditions are regarded essential conditions for the emergence of industrial entrepreneurs.

Hoselitz (1964: 157) emphasizes the importance of culturally marginal groups in furthering economic development. He maintains that marginal men, due to their ambiguous position from cultural as well as social standpoint, are peculiarly suited to make creative adjustments in situations of change and, in course of these adjustment process, to develop genuine innovations in social behaviour.

Singh's (1964) empirical study of 25 small scale entrepreneurs engaged in the manufacturing light engineering goods located in Agra, a North Indian Town, casts light on their socio-economic background and motivational factors. He has examined the factors which have induced them to start their
present venture, the relationship between size and age structure of firms and the source of initial finance. This study reveals the dominance of the Aggarwal merchants and manufacturers in the small scale sector. He observes that, there is no relationship between the traditional business and the present manufacturing activity. The profit motive is the main motivational force as they do not show a dependence on financial agencies and governmental institutions for their initial financing as the study shows.

Cochron (1965: 25-37) emphasizes cultural values, role expectations and social sanctions. According to him, the entrepreneurs represents society's model personality. His performance is often influenced by three factors. Firstly, his own attitude toward his occupations. Secondly, the role expectations held by sanctioning group and lastly the operational requirements of the job. He also feels that society's values are the prime determinants of the first and second factors.

Hundal (1977: 28-43) surveys 184 small scale industrial entrepreneurs. He investigates the motivational factors associated with the deferential rate of industrial growth and tries to estimate their achievement motivation and attitude towards labour Union. Entrepreneurs were personally interviewed to assess their job satisfaction, job prestige, value patterns, level of aspiration, and interests. The aspiration, achievement motivation and investing tendency, according to this
study, are associated with a fast rate of growth. The hoarding tendency and an optimistic tendency, seems to be related to the slow rate of growth.

The effects of caste, the socio-economic class and kinship structure on entrepreneurial activity has been discussed by Hazlehurst (1968). In his study of Ramnagar (pseudonym), located in the North-West of Delhi in the district Ambala, he compares two native trading castes with two refugee castes from Pakistan (Khatri and Aroras), and concludes that, the caste traders did much better than the refugees, since they had both willingness and ability to adjust themselves to the changing conditions. He also makes a distinction between the cultural and structural dimensions of caste and estimates the significance of the relationship that exists between factors of "modernity" and the functioning of caste system.

Morris (1968: 28-38) in his article "The Social Barriers to African Entrepreneurship" has studied fifty small scale entrepreneurs all of whom have received loans from the Kenya Governments Industrial and Commercial Development Corporation, and are engaged in the production of various types of products viz., tinsmith, furniture, garage, bakeries and another Fifty, comprising mostly wholesalers and retailers in rural markets. He has probed into their organizational structure, progress, source of capital, labour, method of pricing and accounting, their suppliers and handling of credit to their customers, their plans for future. Further, he has discussed the difference which are
present between the African businessman's social world, and the economic world in which he has to succeed. He has discussed several barriers the African businessman lacks, such as the lack of education and social standing, unfamiliarity with market, excessive dependence on government support, scarcity of capital, impersonal and institutionalised ways of gaining knowledge and heavy competition faced by the African entrepreneurs, social segregation, etc., which come in the way of successful entrepreneurship.

Nafziger's (1969) empirical study of 28 small scale indigenous Nigerian entrepreneurs, examines the effects of the extended family on capital formation and entrepreneurial activity. He came to the conclusion that the institution of joint family increases the establishment of firms by entrepreneurs. (Ibid: 32) as the majority of small scale entrepreneurs dependent on the joint family for capital to establish the firm. But, Nafziger also found that 'the extended family hinders the expansion of the firm by the entrepreneur, but facilitates the entrepreneurs training and establishment of firm' (Ibid: 33).

Kunkel (1970: 260-274) has put forth a theory of entrepreneurial supply. It states that industrial entrepreneurship depends upon four structures which are found within a society or community. Limitation structure, Demand structure and opportunity structure and finally, labour structure.
In his opinion the supply of entrepreneurs depends on the existence and extent of which these four factors are found in a society and proposes the hypothesis that "the incidence of entrepreneurship depends on both the objective and perceived configuration of the four structures.

Nafziger's study (1970: 349-360) presents empirical evidence on the relationship between entrepreneur's education and the firm's success in Nigeria. He makes a detailed examination and an indeapth study of 25 indigenous manufacturing entrepreneurs. Considering profit rates of the firm as an indicator of success, he has hypothesized that the educational level of an entrepreneur will be higher than the educational level of the population as a whole, and his educational attainment will be positively related to the value of the firm's output and firm's rate of profit. He confirms that the educational level of the Nigerian entrepreneurs is more than the Population at large. He found a positive relationship that exists between entrepreneurs educational level and value of output of the firm. But, education, is negatively correlated with the profit rate of the firm (Ibid: 358).

Pathak (1972) examines a group of 12 small scale industrial unit over a period of two years—seven during 1969-70 and the remaining five during 1970-71. He has chosen these units from industrial estates enjoying almost identical infrastructural facilities like availability of water, electricity and roadway with the purpose of getting a first hand information of the
problems at three distinct stages of inception, operation and expansion, and diversification in order to investigate how an entrepreneur in the small scale sector perceives an opportunity, and find out what qualities and abilities help him in this process. He also attempts to find out how the information of diverse nature reaches him. Pathak finds various factors like education, social contact and finance playing an important role. The problems that the entrepreneur face at the inception stage has received comparatively more attention than the other remaining stages. He attributes the allround growth of entrepreneurial talent to favourable, timely and appropriate government policies and quick adaptability by the enterprises.

Oommen's (1972) study of 45 entrepreneurs provides an insight into the emerging pattern of entrepreneurship in the small scale sector of Kerala. He investigates the origin and growth of light engineering industry and assesses the impact of government programs like industrial estates and rural industries project. He studies the different categories of entrepreneurs like technicians, merchants, industrialists, rural artisans, cultivators and compared their investment, annual turnover and employment potential. He also examines their socio-economic background. He observes that, "Former factory workers and rural artisans formed a dynamic category of entrepreneurs (Ibid:187). According to this study, more than one fifth of the units are run by migrants, engineers and technicians who constitute the single largest group. Relating to progress of small scale
industries, he opines that Kerala has a lesser proportion of entrepreneurs than the normal requirements which he attributed to inadequacy of technical knowledge. On the basis of this study Oommen concludes: "To a high degree, the background and origin of an entrepreneur influences not only his skills, but his receptivity to new ideas and his drive to accomplish them... though social barriers and tradition are still there, they are on the decline" (Ibid: 187). To develop industrial entrepreneurship he suggests that "industrial entrepreneurship may be developed by encouraging present industrial entrepreneurs to improve and expand their enterprises and by affording facilities for potential entrepreneurs to embark on new industrial enterprises" (Ibid: 188).

Ashis Nandy (1973) conducts an in-depth, comparative study of successful small scale entrepreneurs in Howrah of West Bengal State and compares them to a group of non-entrepreneurs, during 1967-69. He shows that the abilities and characteristics which are pre-requisites of entrepreneurship in one sub-culture, can be irrelevant to, or dysfunctional for entrepreneurship in another (1973: M102). He also reveals that, in an enterprising community, entrepreneurial exposure itself contribute substantially to entrepreneurial development and identifies the phenomenon as an important determinants of entry and survival in business (Ibid: M104).

Javillonar and Peters (1973: 314-28) have studied 27 small scale manufacturers located in Industrial estate of North
India. They have studied the efficiency of two approaches to the study of Indian entrepreneurship. One approach views entrepreneurship as a function of n-Ach. The other treats it as an extended family phenomenon. To quote them "...in a familistic-oriented society like India, it is probably more meaningful to view entrepreneurship as a family rather than as an individual phenomena" (317p) related to an individual's need for achievement. Extended family, according to them, facilitates an individual's entry into entrepreneurial role by providing financial resources necessary for establishing a factory.

Stokes (1974: 557-580) in his empirical contribution "The Afrikaner Industrial Entrepreneur and Afrikaner Nationalism", elucidated that how economically transitional societies produce industrial entrepreneurs. To put in his words "...one major key to the rise of Afrikaner industrial entrepreneurship lies in the value transformations brought about by the Afrikaner nationalist movement. By redefining modernizing economic activity as a service to collectivity, the nationalist movement provided a new and powerful motivational nexus for the seeking out of entrepreneurial roles" (Ibid: 578). On the basis of his empirical observation he concludes: "...non economic value dimensions of economic dimensions of economic action can be a crucial factor, in at least certain instances, behind the rise of industrial entrepreneurship" (Ibid: 579).
The Small Industries Extension Training Institute (1974) undertook a survey of 61 Hyderabad and Secundarabad based small scale entrepreneurs to find out the reasons for setting up an enterprise and the encouraging and discouraging factors, characteristics which are positively associated with quality of entrepreneurship, etc. Economic gain, according to the survey, was the most important reason for starting a unit and it followed by ambition and social prestige. The high demand for the product was the most encouraging factor, whereas capital shortage and government red-tapism was considered as the most discouraging factor. The other findings such as younger age, formal education, urban background, previous experience prior to the establishment of industry, high level of aspirations risk taking, etc., are, according to finding of the survey, are positively associated with quality of entrepreneurship. On the contrary entrepreneurship is not associated with technical education background, contact with influential people, or the being first born, or membership of organization.

Zoe Mars (1975) has studied 70 enterprises, selected from city estates and medium town estates and from non-estate areas in Kerala. This study indicates that the distributional effects of small industries program has been somewhat narrow and concentrated. The medium town estates, according to his findings, as attracted entrepreneurs quite heavily and who hail from landed families and plantation owners whereas urban estates recruit more entrepreneurs from among a cosmopolitan group. He
opines that new mobility channels are created more significantly at the higher level rather than at the lower levels of the class structure. Owing to the expansion of educational opportunities especially engineering, low caste Hindus from non-landed and nonprofessional parental background have moved upward and have become the owners of workshops. He further states that the high caste groups who might have also been land owners previously went into the professions and government service, but have now become small capitalists.

K.L. Sharma's (1975) sociological contribution "Entrepreneurial Performance in Role Perspective" explores 100 small scale entrepreneurs of Kanpur, Agra, Firozabad, Varanasi and Meerut and examines their performance through role frame analysis and also their entrepreneurial orientation, commitment, and achievement. He found that entrepreneurs of Uttar Pradesh have more entrepreneurial orientation than commitment and achievement. The low entrepreneurial achievement is attributed to several factors, like non-conducive socio-economic milieu, non-commitment of workers and officials, shortage of capital and raw materials. Sharma's model of entrepreneurship growth envisages the process with four stages, viz., entry to manufacturing, expansion, perception of stability and commitment to sustained growth. He also analyses the effect of socio-economic background of entrepreneurs on their performance in the theoretical framework provided by Max Weber, McClelland and others. The role of government policies and their effective implementation, he
conclusively states, are crucial to sustain the interest of the entrepreneurs in the continuous expansion of business.

Ramkrishnan (1975) studies 94 (those who came into operation in 1965) new small scale entrepreneurs engaged in the manufacturing of non-traditional items in urban Delhi, capital city of India. It compares entrepreneurs who have failed to commence production with those who have dropped out after the production begins. The Social, educational and occupational background are considered their reactions to government schemes and incentives.

The Socio-economic background, characteristics of small scale entrepreneurs and the adequacy of supporting facilities available to these 110 entrepreneurs have been studied by Subramanian et al., (1978: 188-202) with special reference to Madurai city and its environs. They found that, the entrepreneurs are more dependent than self reliant, as they often seek confidence from their relatives, friends etc. in matters like finding him capital resources, extending market assistance, etc. (Ibid: 198). They also exhibit a desire to achieve goals which ultimately turns than towards becoming an achievement oriented innovators. They identified four qualities of entrepreneurs on the basis of their field work.

1. Credit-oriented pre-planning to realise aspirations, 2. dependency, 3. imitative-innovativeness plus a need achievement, and 4. moderate traditionalism with occasional risk shifting
Like a majority of the studies, this author too has spelled out the predominant role played by the caste system.

Venkata Rao's (1975) has resurveys 78 enterprises in the Metropolitan area of Bangalore, the capital city of Karnataka state. The first original study was conducted in 1961-62. The main objective of this resurvey was to evaluate the performance of successful units in the last 10-12 years. The technically qualified entrepreneurs, according to the resurvey, are full of enthusiasm, have a creative urge, are self-reliant and are hard working. They have learnt to use the basic management tools and techniques including human relations. This success made him future-oriented. The trading entrepreneurs, on the other hand, are very hard working, well versed in marketing and commercial aspects or production, are calculative, but less equipped in terms of education and training. Factory workers who have become entrepreneurs are found to be diligent, but have a limited range of skills.

Sharma, K.L. et al., (1976) studied 245 small scale entrepreneurs from Punjab and Uttar Pradesh, both North Indian states, and attributed the inter-state variations in entrepreneurial performance to their differential industrial climate, the further states that the better the industrial climate the better would be their performance. He maintains that, the socio-economic background also matters, to some extent, in deciding one's entry into the manufacturing field. In
his model of entrepreneurial growth, there are four distinct stages.
1. Entry
2. Expansion
3. Perception of stability
4. and commitment to sustained growth.

He also affirms that the government has a role in expanding industrial units. Instability in business climate often leads to non commitment of entrepreneurs. Therefore, he suggests, that the government has to take steps to remedy the situation to improve and assure better prospects for entrepreneurial activity.

Entrepreneurs engaged in the production of farm implements, have been included in a random sample of 35 and 24 in Punjab and in the Uttar Pradesh respectively are studied by Sharma and Kahlon (1977: 10-15). Their main objective was to identify the socio-economic characteristics of respondents. They also assesses the growth pattern to measure entrepreneurial commitment to further expansion of their unit. They found that: “the reasons for the declining demand for farm implements and the non commitment of entrepreneurs to further expansion cannot be attributed to their socio-economic and psychological characteristics alone.” He attributes such non commitment of entrepreneurs to the diminishing demands for farm implements. Diminishing demand farm implements is consequences of diminishing capacity of farmers for capital investment. Therefore, they
suggest the necessity of controlling the unplanned growth of farm implement units through government policy, quality control and supervision of such units (Ibid: 15).

Nafziger's (1978) study of 54 small scale industrial entrepreneurs in the South Eastern Port City of Visakhapatnam (Vizag) Andhra Pradesh, a South Indian State, offers perspective on vertical socio-economic mobility. It shows the difference in the economic opportunity between the privileged and underprivileged sections of the population. It also examines, the educational attainment, occupational background, entrepreneurial and managerial experience, initial experience, initial capital invested by the entrepreneur, the access to governmental assistance. He also assesses the factors for the success of entrepreneurs, taking value added of the firm and income class of entrepreneurs as major indicators of success. One of the important findings of this study is that, a highly disproportionate number of successful entrepreneurs hail from the twice-born castes, and from families with high economic status.

Panani (1979) in his research "A Sociological Study of Entrepreneurs in Urban Settings", (thesis submitted to Delhi University) examines the role of entrepreneurship in an urban industrial setting, Faridabad, Haryana. This area was once industrially backward, prior to the independence. It now host a whole complex of various types of industries. Panani has selected
a sample of 75 respondents, following stratified random sampling method. He has tried to investigate the nature of relationship between entrepreneur's social background and entrepreneurial activity and also how the entrepreneurs contribute to social change and development. He found that prior occupational experience is a key factor which explains their entry into entrepreneurship. Further, he also studies the internal and external style of executive entrepreneurs, problems, and special characteristic of craftsmen entrepreneur.

Reddy and Murty's case study (1979:317-323) of 18 small scale units of Anantpur, a backward area in Andhra Pradesh studies the relationship between entrepreneur's family and educational background and their impact on their success in business. He found that, family and educational background influences a person only to the setting up of an industrial unit: and entrepreneur's success does not depend on his family and educational background (Ibid:320). To stimulate the dormant, indifferent and confused public to take up entrepreneurship he suggests that, "Government has to take up vigorous programs to publicize the facilities available, training programs, technical and financial incentives, assistance," etc., (Ibid:322). While selecting the potential entrepreneurs for intensive training he suggests that "potential qualities of the candidates must be thoroughly assessed" (Ibid:322). Thus they suggested a suitable strategy for the development of entrepreneurship in backward areas. In their opinion government should assess the
progress of the newly established units periodically. If the unit encounters any hazards, the government should extend them all help. These suggestions if followed may be helpful in reducing the incidence of industrial sickness to a great extent which is prevalent at present.

Devasenapathy (1980) in his psychological study entitled "Motivational Determinants of Success Among Small Scale Entrepreneurs of Healthy and Sick units, Ambattur Industrial Estate - Tamil Nadu" has tried to trace out the motivational aspects of 53 successful and 45 unsuccessful entrepreneurs which constitute his sample. He has found that the successful performance of an entrepreneur depends greatly on certain factors such as n-achievement, n-power, n-affiliation, risk taking, job satisfaction, job anxiety and finally level of aspiration. In his opinion, certain personality variables such as educational, occupational background, family support, and previous experiences in one or the other way contribute to entrepreneurial success.

The biographical characteristics, such as age, educational qualification, birth order, etc., of the 75 first generation and 58 second generation entrepreneurs are considered by Venkatapathy (1983: 15-24). He found that, first generation entrepreneurs are in between 31-40 years of age, first born son, perceives father as a loving person. He is influenced by father. He wants to be a model for others who also considers social involvement and awareness as an essential for business venture. While, second generation entrepreneurs are in between 26-30 years
of age, a later born, perceives father as a dominant person. He attach least importance to friendship. He does not want to be a model for others. He also considers social involvement and social awareness so essential for a business venture (Ibid: 23 & 24).

A Study of 90 small scale entrepreneurs operating their units at Marathawada region of Maharastra, has been conducted by Deshpande (1984). He shows an acute insight into the constraints associated with the emergence of entrepreneurship. Further, he also casts light on an entrepreneur's socio-economic background, his role at different phases of development of an unit, mobility pattern and his performance. He found that, the consideration of caste, family occupation, father's occupational status, financial help given by the family, etc., are very important for one's entry into manufacturing field. A majority of the entrepreneurs have hail from the upper strata. They are blessed with sound socio-economic background as these people have availed most of the benefits created in the society by the government agencies. He further feels, that the industrial entrepreneurship was a result of collective ambitions and aspirations of the family. The emergence of entrepreneurship, Deshpande opines, is not strictly a psychological or sociopsychological phenomena, but is also conditioned by the political milieu and the administrative system. The Political system, Deshpande claims, was mainly responsible for dormancy of entrepreneurship. His contribution also suggests several
guidelines for the healthy growth of the small units in an underdeveloped area.

Subbi Reddy and Sobha Reddy (1984: 39-50) in their article entitled "Profile of Small Scale Entrepreneurs in Kurnool", have examined 105 small scale units registered with the DIC, Kurnool, Andra Predesh. This empirical study investigates the nativity, income and age at the time of entry, the initial amount invested, educational qualification, organizational structure, previous experience of small scale entrepreneurs who are engaged in different type of industrial activity. They found that majority of entrepreneurs originated from Vaisya Community and sizable proportion of entrepreneurs came without business and industrial background.

How far the success in entrepreneurship at grass-root level is associated with the factors like age, education, caste, previous experience, family type and location of unit has been examined by Umamohan and Hari Narayana Rao (1987: 9-21). Their study of Gramodaya, covers 36 entrepreneurs of Anantpur district of Andhra Pradesh, a South Indian State. They have found zero co-relation between the success level and age group, educational level, previous experience, type of family, location of unit, and caste was established by them.

Kaptan's study (1987: 31-41) "Personal Variables Vs Entrepreneurial Success - Sample Study of Amarwati", covers 43 healthy and 18 sick units located in Maharastra Industrial
Development Corporation, Industrial Estate near Amarwati city in Maharashtra, state of India. He has studied the correlation of personal variables with entrepreneurial success and finds that entrepreneurs of healthy units have a higher level of education when compared to those of sick units and those successful, the units are sufficiently benefited by their previous job experience as compared to those of sick units. But, contrary to the existing notion, he finds no association between family background and entrepreneurial success.

Gupta (1987) in his "Entrepreneurship in Small Scale Industries" investigates the entrepreneurial performance of 60 entrepreneurs, 20 each in Kanpur, Allahabad and Gorakpur, of Uttar Pradesh. His study clearly suggests the dominance of entrepreneurial scene in the state by Vaisyas. According to the author, the various incentives and facilities declared and given by the government cannot widen the base of entrepreneurship to embrace the total spectrum of all castes in the state. It also affirms the significant role played by the entrepreneur's occupational background of the family, as two-thirds of the total entrepreneurs come from business and industrial families. The parental occupational background, according to this study, positively, and up to great extent, influences the performance of entrepreneurs with reference to sales. In addition, it also provides him with experience in the field of industry. Positive association between entrepreneurs level of education and approach to innovation is another finding of this study.
Bhanushali (1987) in his study, "Entrepreneurship Development" studies 125 light engineering small scale units located in Kolhapur, Maharashtra State, correlates the entrepreneurial success with the social, educational and occupational background of the respondents. His main objective was to suggest measures for strengthening and supporting the flow of entrepreneurs. He hypothesizes that the caste, educational and parental occupation, initiation and parental support together have a favourable and cumulative effect on the making of an entrepreneur. His empirical study supports the Marginal Group Theory put forth by Hoselitz. He finds that the Muslim entrepreneurs, who are religious minorities have developed better in the light engineering industry. Stressing the significant role played by the father's occupational background, he opines that the sons of those who were working in engineering units excelled and obtained the highest merit points in production, marketing and creation of other entrepreneurs.

Rammurthy et al. (1990: 415-420) in their study "Entrepreneurial Profile - Some Aspects", analyse the impact of family background and educational qualification of the entrepreneurs and their repercussion on the development of entrepreneurship. They have studied entrepreneurs operating their units in the twin cities of Hyderabad and Secunderabad of Andhra Pradesh. The Entrepreneurs engaged in five different types of entrepreneurial activities, located in two towns, Anakapalli
and Gudivada, Andra Pradesh are studied. They found that entrepreneurs who have come from agriculture and mercantile family displayed better capacity utilisation than others (Ibid: 418)