Chapter No.-III

ENTREPRENEURSHIP DEVELOPMENT IN INDIA, MAHARASHTRA AND MARATHWADA REGION
3.1. Background of Entrepreneurship:

The words entrepreneur, intrapreneur, and entrepreneurship have acquired special significance in the context of economic growth.

Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and career commitment or provide values for some product or service.

Entrepreneurship is the propensity of mind to take calculated risks with confidence to achieve a pre determined business or industrial objective. In substance it is the risk taking ability of the individual broadly coupled with correct decision making. When one witnesses a relatively larger number or individuals and that to generation after generation in a particular community, who engage themselves in the industrial or commercial pursuits and appears to takes risks and show enterprise, it is acknowledged to be a commercial class.

Entrepreneurship is the carrying out of a fresh organization or restructuring an organization. This was already been into existence. It is often a complicated enterprise so consequently numerous enterprises find loads of difficulties in survival. This is an entirely different field involving unique personality traits on the part of the entrepreneur, such as good communication skills, patience, foresightedness and many more traits, which heads his personality to a brighter side. Entrepreneurship has various forms such as sole trading, partnership, etc. The finding of these firms is now easily done by government agencies, science parks and NGOs. Entrepreneurship firms are now getting enough funds to establish themselves but earlier it was not so. These firms faced a number of difficulties in establishing themselves.

3.2. Concept of Entrepreneurship

Various economists, sociologists and psychologists have used different approaches to explain the concept of entrepreneurship. These approaches are summarized below:
3.2.1. Economic Approach: -

Economists like Richard Cantillon, Adam Smith, J.B. Say, Carl Menger, and Joseph Schumpeter have explained the concept of entrepreneurship from the economic point of view. According to the economic approach entrepreneurship is the process of initiating a new venture by organizing the resources required and accepting the risk involved therein. Entrepreneurship and ultimately economic development takes place when the economic condition is favorable. An entrepreneur buys the factors of production at a certain price, converts them into products and sells them at an uncertain price. Thus, economists have emphasized two main aspects, viz. innovation and risk bearing. The entrepreneurs create new things, use new technology, and find new sources of raw material, source of new markets and so on. By the innovation function entrepreneurs make available new products to the people and help to raise their standard of living.

3.2.2. Sociological Approach: -

Sociologists have emphasized the impact of social system, ethics, values, customs, and perception on entrepreneurship. They hold that entrepreneurship flourishes in those societies, which recognize the services of entrepreneurs respect them and give approval to the business and wealth creation. According to them entrepreneur represents society’s model personality.

3.2.3. Psychological Approach: -

According to the psychological approach entrepreneurship is influenced by factors like high achievement, motive, self-reliance, creativity, and desire to regain the lost status. The psychological approach is developed by Macmilan and Hansen.

3.2.4. Modern Approach: -

The modern approach states that entrepreneurs have to function under adverse conditions. There is a scarcity of labour, shortage of capital and uncertain market. Hence they require possessing organizing skills, innovative ability, decision making ability, risk bearing capacity.

3.3. Definitions of entrepreneurship:

1) Joseph Schumpeter has defined, “Entrepreneurship as a process to shatter? The status quo through new combination of resources and new methods of commerce.”

2) Richard Contillon described, “Entrepreneurship is a matter of foresight and willingness to assume risks, which is not necessarily connected with the employment of labour in some productive process.”
3) Leon Walrus defines, “Entrepreneurship is not itself a factor of production, but rather a function that can be carried on by an agent.”

4) Willam Diamond, “Entrepreneurship is equivalent to ‘enterprise’ which involves the willingness to assume risks in undertaking an economic activity particularly a new one.”

5) Isrel Kirzner, “Entrepreneurship means alertness towards profit opportunities.”

6) Arthur H. Cole, Entrepreneurship is the purposeful activity of an individual or a group of associated individuals, undertaken initiate, maintain or aggrandize profit by production or distribution of goals and services.”

7) Everett E Heggins, “Entrepreneurship is meant the function of seeking investment and production opportunities, organizing an enterprise to undertake new production process, raising capital, hiring labour, arranging the supply of raw materials, finding site, introducing a new technique and commodities, discovering new source of raw materials and selecting top managers of day-to-day operation of the enterprise.”

8) Peter F. Drucker, “Entrepreneurship is neither a science nor an art. It is a practice. It has knowledge in entrepreneurship is a means to an end. It is not just about making money. It is about imagination, flexibility, readiness to take risks, ability to mobilize agents of production and capacity to see change as an opportunity. It is also about marrying passion and process with a good does of perseverance.”

9) M. Law and J. MacMillan, “Entrepreneurship is the creation of a privative economic organization for the purpose of gain or growth under conditions of risk and uncertainty.”

10) Robert D. Hisrich, “Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psyche, and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence.”

11) Robert K. Lamb, “Entrepreneurship is that form of social decision which is performed by economic innovations.”

12) Musscleman and Jockson, “Entrepreneurship is the investing and risking of time, money and efforts to start a business and make it successful.”

13) Benjamin Higgins has defined, “Entrepreneurship means the function of foreseeing investment and production opportunity organizing an enterprise to undertake a new production process, raising capital, hiring labour, arranging for the supply of raw materials and selecting top managers for the day-to-day operation of the enterprise.”

14) According to Schumpeter, “Entrepreneurship is based in purposeful and systematic innovation.”
15) “Entrepreneurship means the process of maintain all activities, such as planning, organizing, operating, controlling and assuming the risk of a business venture etc.”

Entrepreneurship is a one of special and systematic process where some functions are include and arranging one by one and operating all elements and factors of essentials for the purpose of economic development. Entrepreneurship is the one context phenomenon where more risks are added with the opportunities of development of individuals with society and respective. Entrepreneurship is a place where generate employment opportunities and provide many facilities to them.

3.4. Factors affecting on Entrepreneurship:

Entrepreneurship is a human skill, which can be developed due to entrepreneurship development; living standards of society can tend to raise new opportunities of employment can be created and rapid economic and industrial development, become possible. Due to such importance of entrepreneurship, it becomes necessary to study factors affecting development of entrepreneurship. The factors affecting entrepreneurship can be presented, these are below:

3.4.1 Individual:

Entrepreneur is an individual having specific knowledge, skills and efficiency. Any new enterprise is created by an individual or group of individuals. The creativity of an individual encourages him to establish a new enterprise. Creativity consist of innovation, search and research, such skills are not shown in all individuals. Personality, social condition, support of society, higher education, training etc. factors play important role for developing such skills. Thus characteristics affecting to an individual like skills, motives, attitude, social-cultural conditions etc. motivate an individual to become an entrepreneur.

3.4.2 Industrial environment:

More suitable the industrial environment in a nation more rapid development of entrepreneurship is shown. More favorable industrial environment is one, where transportation, communication, electricity, labour, water, raw material etc. are easily available. Such industrial environment by and large effect entrepreneur development.

3.4.3 Social environment:

Better and more appropriate the social environment in a nation for entrepreneurship, more rapid development of entrepreneurship is observed. Social system plays vital role in social environment. As an individual is borne and developed in a family and society, social
values, ethical standards, family structure, caste and religious, attitudes of social environment affect entrepreneurship development.

3.4.4 Economic environment: -

The economy in which enough capital funds are available incentives are establishing an enterprise and market incentives are also available, encourages entrepreneurship development. Banking, education, industrial policy, economic policy, exim policy, interest rate etc. are the factors of economic environment affect entrepreneurship development. Thus economic soundness and motivate entrepreneur development more positively.

3.4.5 Technological environment: -

Technology is an art of converting the nature resources into goods and services more beneficial to society. Higher the technological development, more the entrepreneurship development is universally accepted. Due to technological development, new product, new production process, new raw materials, new researches are encouraged for modernization. So it can be said that the country, in which technological environment is more suitable affects remarkable to entrepreneur development. Due to this reason, presently rapid entrepreneurship development has been reported in the countries like Japan, America, and China etc.

3.4.6 Political environment: -

Government also plays important role in entrepreneurship development. If the existing ruling party frames industrial policy supporting industries, it encourages more and more entrepreneurs. Due to globalization, Indian economy is adopted free industrial policy, restrictions on industries have been minimized and MRTP act has been cancelled. This has motivated many entrepreneurs to establish and to develop industries in Indian economy. Thus political environment, less interference of state and central government and less restriction on industries, encourage entrepreneurship development.

3.4.7 Incentives: -

Incentives are also one of the important factors affecting entrepreneurship. If motivating plans, policies, organizations are developed, it leads to rapid entrepreneurship development. Entrepreneurship development is definitely shown in the economy where there are planned systems, social institutions are established, people are purchasing newly developed product, development oriented programs are implemented and required facilities and aids are provided to entrepreneurs.

3.4.8 Profit making: -
It is the profit that induces the prospective entrepreneurs to get into the business and start new commercial activities. Profit, therefore, is a factor which induces the entrepreneurs to organize and utilize the factors of production for development. It does not necessarily mean that the entrepreneur is concerned with profit only. He also satisfies many social needs.

3.5. **Entrepreneurship in India:**

Entrepreneurial talent existed in every country. The handicraft entrepreneurship in India was as old as human civilization itself. The village community was the center of economic activity in India before it comes into contact with the west. The village community consisted of farmers, artisans, priests. The artisans were protected by the village community. Indian handicrafts enjoyed worldwide reputation and the artisan industries flourished till the end of 18th century.

With the advent of East-India-Company various changes were introduced in Indian economy. The manufacturing entrepreneurship emerged in the second half of nineteenth century. Tata established the first steel industry in 1911. In the wave of manufacturing entrepreneurship except Parsis, all other hailed from non-commercial communities.

After the First World War, the Indian government agreed to discriminating protection to certain industries. These measures helped establishing factory manufacturing in India during the first four decades of the 20th century.

The Swadeshi Movement gave a much need fillip to indigenous entrepreneurship. The emergence of Managing Agency System in 1936 also contributed to Indian Entrepreneurship. It is stated that the Managing Agency Houses were the real entrepreneurs which entered business, trade and banking particularly in Eastern India.

During post-independence era, entrepreneurship began to faster. The Government of India in its first Industrial Policy Resolution 1948 and in the successive Industrial Policy Statements emphasized the need to encourage the tempo of Industrialization by spreading entrepreneurship from the existing centers to other Cities, Towns and Villages and to disseminate the entrepreneurship acumen concentrated in a few dominant communities to a larger number of industrially potential people of varied social strata. To achieve these objectives the government gave priority to the development of small-scale industry.
Several measures have been taken to develop and strengthen the small-scale industry during the First and Second Five Year Plans-Reservation of certain items, assured market for the products of small industry etc. are some of the important measures taken during the period. The Third Five Year Plan laid emphasis on encouraging the spread of small-scale industry to rural and small towns by making available institutional finance, subsidies, sales rebate and sheltered market. The Fifth Five Year Plan emphasized the promotion of entrepreneurship, provision of consultancy service and incentive to attract engineers to start industries. During the Sixth Five Year Plan period, promotion of village and small-scale industries continued to be an important element in the national development strategy. The Industrial Policy Statement, 1980 suggested certain steps such as establishment of wide entrepreneurial base by providing appropriate training and a package of incentives.

The Industrial Policy 1991 suggested various measures to strengthen the small-scale sector. Beside the government proposed to continue the support to first generation entrepreneurs through training and other helps. Entrepreneur Development Programs are also proposed to be built into the curricula of vocational and other degree level courses. In the Eight Plan, greater emphasis was laid on private initiative and entrepreneurship in industrial development.

All these measures helped to develop spirit of entrepreneurship among engineers’ technocrats and educated unemployed youth and set-up their own industrial units.

3.6. Role of Entrepreneurship in Economic Development

In both developed and developing countries entrepreneurship is a key to rapid economic development. The role of entrepreneurship in economic development involves more than just increasing per capita output and income. It includes initiating and constituting change in the business and society. Thus increasing supply of enterprises becomes a vital aspect for growth of modern society. The world we live presents a picture of appalling contrasts. While some countries are immensely prosperous, nearly two thirds of the population of the world lives on the sub standard income, malnutrition, bad housing, lack of medicine and illiteracy. Despite stupendous advancement in science and technology in some pockets of the globe, man is primarily concerned with poverty still even during last quarter of twentieth century. Thus, one’s interest in entrepreneurship essentially springs out of interest in the economic development of region or nation.
India has been a land of entrepreneurs. Entrepreneurship has been considered as one of the essential factors determining the growth of industry in any country. The history of economic development of all countries whether developing or developed, has evidenced the fact that entrepreneurs have made a significant contribution in this respect. The nature and extent of such contribution varies from society to society, and country to country; depending upon the industrial climate, material sources and the responsibility of political system.

3.7. **Entrepreneur:**

The word ‘entrepreneur’ appeared in the French Language long the emergence of the concept of entrepreneurial function. In the early sixteenth century, it was applied to those who were engaged in military expanding. In the seventh century, it was extended to cover civil engineering activities such as construction and fortification. An entrepreneur had to discharge several functions in production as well as distribution.

‘Definitions of entrepreneur’ various experts have defined the term entrepreneur in different words.

1) According to Collins Cobuild English Language Dictionary, 1987, “An entrepreneur is a person who set up business deals in order to make a profit.”
2) According to J. B. Say, “Entrepreneur is a economic agent who unites all means of production.”
3) Richard Contillon Says, “All persons engaged in economic activity are entrepreneurs.”
4) In the words of Quesnay, “A rich farmer is an entrepreneur who manages and makes his business profitable by his intelligence and wealth.”
5) J. A. Schumpeter is of the view that, “A person who introduces innovative changes is an entrepreneur and he is an integral part of economic growth.”
6) According to Webster, “Entrepreneur is one who assumes risk and management of business.”
7) Adam Smith described, “Entrepreneur is a person who only provides capital without taking active part in the leading role in enterprise.”
8) Frank Yong describes, “Entrepreneur as a change agent.”
9) Martin Luther King said, “I have a dream and thousand followed in spite of overwhelming obstacles. In order to establish a successful new business venture the entrepreneurial leader must have a dream and work against all obstacles to achieve it.”
10) According to E. E. Haggen, “An entrepreneur is an economic man who tries to maximize his profit by innovations. Innovations involve problem solving and the entrepreneur gets satisfaction from using his capabilities in attacking problems.”

11) Clarence H. Danhof considers, “Entrepreneur as a person who makes decision under alternative course of action.”

Entrepreneur is a risk taker. An entrepreneur has neither fixed income nor a secured job. He is at the center point of the production process. He is the pet child of the Government as it nourishes them with incentives and concession. Entrepreneur is a human being, who conceives in his mind an industrial enterprise. For this purpose he provides considerable efforts for fructifying his dream. It is a purposeful penetrating action for initiating, promoting and managing the economic activity or activities for the production and distribution of wealth. There should be a person with a mind, heart and intention to combine them all and convert them into production or creation of goods and services wanted by the people. It is the entrepreneur who has to come forward to execute these activities related to production with the sole purpose of satisfying the customer.

The entrepreneur as a person brings in overall change through innovation for the maximum social good. Human values remain sacred and inspire him to serve society. He has firm belief in social betterment and he carries out this responsibility with conviction. In this process he accelerates personal economic as-well-as human development. The entrepreneur is a visionary and an integrated man with outstanding leadership qualities with a desire to excel; he gives top priority to Research and Development. He always works for the well beings of the society.

3.8. Types of Entrepreneurs: -

Various thinkers have different think about entrepreneur on the basis of their business nature, behavior, attitude, and profession.

Clarence Danhof has classified on the basis of his study of the American agriculture. According to him on entrepreneur may be.-

1) Innovative Entrepreneur
2) Adoptive or Imitative Entrepreneur
3) Fabian Entrepreneur
4) Drone Entrepreneur

3.8.1 Innovative Entrepreneur: -

An innovative entrepreneur is one who is able to foresee potential viable and profitable opportunities through innovation. This type of entrepreneur is highly motivated and talented and “innovation” is key function.

An innovation entrepreneur may exhibit his talents of innovation an any one of the following forms.

a) Introduction of a new product or introduction of a new quality of an existing product.

b) Introduction of a new method of production.

c) Opening of new market.

d) Discovery of a new source of supply of raw materials or semi finished goods.

e) Reorganization of the enterprise so as to achieve monopoly position.

3.8.2 Adoptive or Imitative Entrepreneur: -

Imitative entrepreneur is one who is ready to adopt the successful innovations already inaugurated by innovating entrepreneurs. In other words, an imitative entrepreneurs does not innovate anything by himself, but he only imitative techniques and technologies innovated by others. He follows the innovators after carefully observing how the latter fare and to what extent their innovation has caught the imagination of the society.

This type of entrepreneur has a vital role to play in developing countries. Innovation entrepreneurs are scarce in developing countries. To add fuel and fire, there is also a problem of scarcity of capital and skilled labour in these countries, which hinder innovative entrepreneurship. The imitative entrepreneur fills up this gap very admirable by simply imitating the technology, skill and technique already developed by innovative entrepreneurs in developed countries. Hence, developing countries need imitators who are responsible for the development of their countries with the limited resources available in these countries.

3.8.3 Fabian Entrepreneur: -

Fabian entrepreneur is one who adopts a great caution and skepticism in introducing any chance in the business. Normally he has neither the will to introduce any new changes nor the desire to adopt new methods. He is ready to imitate only when it becomes perfectly clear that failure to do so would definitely result in heavy loss for him. He is dominated more by customs, religions, traditions and past practices and he is not ready to take any risk at all.
3.8.4 Drone Entrepreneur: -

Drone entrepreneur is one who blindly follows the traditional methods of production even when it causes loss to him. He is not prepared to introduce any change under any circumstances in the method of production he has already introduced. He continues to carry out his business in the traditional way even when he suffers losses.

3.8.5 First generation Entrepreneurs: -

These entrepreneurs have no entrepreneurial background. They do not inherit entrepreneurship from their earlier generation. They are first generation entrepreneurs in their family, e.g. Late Dhirubhai Ambani was a first generation entrepreneur. His father and forefathers had no business background. The first generation entrepreneur has to face a number of difficulties in their enterprise. Their fund raising capacity is limited. No doubt these entrepreneurs have acquired high knowledge and experience in their field. They are technocrats and have a strong desire of starting their own enterprise. In most of the cases, they come from ordinary family and lower castes. First generation entrepreneurs should be encouraged since they create self-employment opportunities and provide employment to others also.

3.8.6 Entrepreneurs by Inheritance: -

Some persons become entrepreneurs by inheritance. They inherit entrepreneurship from their earlier generations, e.g. Ratan Tata inherited entrepreneurship from J.R.D.Tata and Jamshetji Tata. Due to entrepreneurial heritage these entrepreneurs have some inborn qualities of entrepreneurship. They are brought up in the entrepreneurial environment. The ownership and control of enterprise comes to them from their ancestors. The entrepreneurial culture is imbedded in them from childhood. Since they belong to affluent families they are able to secure higher education and advanced training. They get an opportunity of apprenticeship in their family business. With this background they can easily become entrepreneurs. There are certain disadvantages of this type of entrepreneur, i.e. they create monopoly in the business, & the economic power is concentrated in few hands. With their strong economic power they can influence the decision of the government etc. However, these entrepreneurs are required to lay the foundation of industries and pave the way of progress in the underdeveloped countries.

3.8.7 Urban Entrepreneurs: -

These entrepreneurs come from urban areas. They get ample opportunities of higher education in cities. The environment in cities is favorable to entrepreneurial growth. In urban areas, there is a vast scope for starting enterprises in various fields. Adequate infrastructural
facilities, availability of skilled labour, regular supply of raw materials, provision of financial credit and availability of large market enables the urban people to become entrepreneurs.

3.8.8 Rural Entrepreneurs:

These entrepreneurs are having their enterprises in rural area. They are engaged mostly in traditional businesses, agriculture and village industries. They utilize the natural resources available in local place and manufacture the goods required by the society. They can also provide services required in rural area. They have to face a number of problems like shortage of capital, lack of modern technology, skilled labour shortage and inadequate infrastructural facilities in running their enterprises.

3.8.9 Foreign Entrepreneurs:

The entrepreneurs going out of their country and those coming from abroad in our country are called as foreign entrepreneurs, e.g. Suzuki Company of Japan manufacture motor vehicles in India. The world famous Indian hoteliers are less seen in industries requiring heavy manual work. They are less mobile as compared to male entrepreneurs. The negative attitude of society has restricted the growth of women entrepreneurs. Even in 21st century males are treating women as weak in all respect and have reservations about their role and capacity.

3.8.10. Individual Entrepreneurs:

These entrepreneurs start an enterprise by investing own funds and manage it themselves. If required, they employ a few employees. They are sole operators. These entrepreneurs are found on a large scale in small business, small industries, village and cottage industries. They become entrepreneurs on the strength of their education, technical knowledge, skill and capital. There are limits to the growth of their enterprises.

3.8.11. Institutional Entrepreneurs:

When a number of individuals come together and form a partnership company or co-operative society to carry on some business, they are called institutional entrepreneurs. In institutional entrepreneurs, the resources, knowledge and skill of a large number of individuals are pooled together. Hence these entrepreneurs can do business on a large scale. Institutional entrepreneurs are essential for carrying on business requiring huge amount of capital for reaping the benefits of large scale operations.

3.8.12. Technological Entrepreneurs:

They are high-tech entrepreneurs. They have acquired advanced technical knowledge and are interested in using this knowledge for business purpose, e.g. software engineers. Vitthal Kamat has opened hotels in foreign countries. These entrepreneurs want to establish
their presence in the world, exploit business opportunities in foreign countries. The number of foreign entrepreneurs has increased significantly due to the globalization policy followed by various countries in last two decades.

3.8.13. Male Entrepreneurs: -

On the basis of gender differences, the entrepreneurs may be classified into two types, viz. male entrepreneurs and women entrepreneurs. Male entrepreneurs are found on a very large scale because of the male dominated societies across the world. Male entrepreneurs are hard workers, ambitious and are functioning in all fields. They assume high risk; they start high-tech business. The extent of mobility is high in case of male entrepreneurs. They are ready to go anywhere in the world.


In recent years, the number of women entrepreneurs is increasing at a rapid rate. Women liberation movement, spread of education in women, increasing awareness of women’s rights and family need have contributed to the growth of women entrepreneurs. Women entrepreneurs have to perform the same functions as the male entrepreneurs. However, women, by nature, are more sensitive, less ambitious, moderate risk takers and have physical limitations.

Due to shortage of capital, lack of high technology, they enter into traditional business.

- Cole Arthur has classified following entrepreneurs. He has defined three types of entrepreneurs, these are.

1. Empirical Entrepreneur: -

An empirical entrepreneur is one who never introduces anything revolutionary in his method of production or business. He simply follows the principle of rule of thumb. He is similar to a drone entrepreneur.

2. Rational entrepreneur: -

A rational entrepreneur is one who is ready to introduce even revolutionary changes on the basis of the general economic conditions prevailing in that area. He takes rational decision by himself depending upon the situation.

3. Cognitive Entrepreneur: -

A cognitive entrepreneur is one who takes the advices and services of experts and introduces changes. Since he acts on the advice of experts, he is called a cognitive entrepreneur.
Other types of Entrepreneurs

The entrepreneurs may broadly be classified according to the types of business, use of professional skills, motivation, growth and stages of development.

- According to the type of business.
  a) Business Entrepreneurs:

  Business entrepreneurs are individuals who conceive an idea for a new product or services and then create a business to materialize their ideas into reality. They tap both production and marketing resources in their search to develop a new business opportunity. They are called small business entrepreneurs when found in small business units such as printing press, textile processing house, advertising agency, readymade garments or confectionery.

  b) Trading Entrepreneurs:

  The entrepreneur are who undertakes trading activities and is not concerned with the manufacturing work is known as trading entrepreneur. This entrepreneur identifies potential markets, stimulates demand for his product. Due to geographical limitations, Britain developed trade through trading entrepreneurs.

  c) Industrial Entrepreneurs:

  Industrial entrepreneur is one who identifies the potential needs of customers and produces the products or services to meet the marketing needs. He is product oriented man. He starts an industrial unit because of the possibility of making some new product. He is found in any industrial unit such as the electronic industry, textile units, machine tools etc.

  d) Corporate Entrepreneurs:

  A corporate entrepreneur is an individual who plans, develops and manages a corporate body. A corporate body is a form of business organization which is registered under the Trust Act, or Company registered under the Companies Act.

  e) Agricultural Entrepreneurs:

  The entrepreneur those who undertake agricultural activities such as raising and marketing of crops, fertilizers and other inputs of agriculture are known as agricultural entrepreneurs. They raise the productivity of agriculture through mechanization, irrigation and application of technologies for dry land agriculture.
• According to the use of technology.
  a) Technical Entrepreneurs: - 
     This entrepreneur is like craftsman type. He develops new and improved quality of 
     goods. He concentrates more on quality of product than marketing.
  b) Non technical Entrepreneurs: - 
     These entrepreneurs are concerned only with developing alternative marketing and 
     distribution strategies of promote their business.
  c) Professional Entrepreneurs: - 
     These entrepreneurs are interested only in establishing a business but not in 
     managing or operating it. They sales out the running business and starts another venture 
     with the sales proceeds. He conceives new ideas to develop alternative projects.

• According to Motivation.
  a) Pure Entrepreneurs: - 
     He is motivated by psychological and economic rewards. He starts his own 
     enterprise for his own satisfaction or status.
  b) Induced Entrepreneurs: -
     These are the ones who are induced to take up entrepreneurial activities attracted by 
     policy measures of the government providing assistance, incentives, concessions, and 
     infrastructural facilities offered etc. the attracts towards to start the new business unit.
  c) Motivated Entrepreneurs: -
     These entrepreneurs are motivated by profit. They are motivated by the desire for 
     self-fulfillment. They came into being because of the possibility of making and marketing 
     some new product.
  d) Spontaneous Entrepreneurs: -
     Such entrepreneurs have a strong confidence in their ability. These entrepreneurs 
     are of initiative nature, bold and confident in their ability.

• According to Growth.
  a) Growth entrepreneurs: -
     These entrepreneurs choose an industry which has substantial growth prospects.
  b) Super growth entrepreneurs: -
     Super growth entrepreneurs are those who have shown enormous growth of performance in their venture. The growth performance is identified by the liquidity of 
     funds, profitability and gearing.
• According to the Stages of Development.
  a) First Generation Entrepreneurs: -
      He starts an individual unit by means of an innovative skill. He is an innovator,
      combining different technologies to produce a marketable product or service.
  b) Modern Entrepreneurs: -A modern entrepreneur undertakes those ventures which suit
      the current marketing needs.
  c) Classical Entrepreneurs: -
      He is concerned with the customers and marketing needs through the development
      of a self supporting venture.
• According to Area.
  a) Rural Entrepreneurs: -
      These entrepreneurs are who undertakes business unit activities in rural area is
      dependent on the agriculture, like Bricks, Stone metals etc. These entrepreneurs facing
      various problems like marketing, transportation, skilled labours, technology etc.
  b) Urban Entrepreneurs: -
      These entrepreneur starts business activities in urban areas where the availability of
      skilled manpower is in huge quality. They prosper their business day by day.
• According to Gender and Age.
  a) Men Entrepreneurs
  b) Women Entrepreneurs
      There are young, middle age and old entrepreneurs.
• According to the classification scheme followed by V. G. Patel. There are three categories
  of entrepreneurs.
  a) Change Entrepreneurs: -
      These entrepreneurs are those who start a business activity without any clear goal,
      plan, objective, their business probably evolved hobbies to economic enterprise overtime.
  b) Forced Entrepreneurs: -
      Forced entrepreneurs are those who were compelled by circumstances e.g. death of
      spouse, the family facing financial difficulties. They start a business
  c) Made Entrepreneurs: -
      “Entrepreneurs are not only borne, but also made and developed.”
      These entrepreneurs are not borne in a industrial family, but they located, motivated,
      encouraged and developed through entrepreneurship development programs.
3.9. Characteristics of Entrepreneurs

Entrepreneur is a human being, who conceives in his mind an industrial enterprise. For this purpose he provides considerable efforts for fructifying his dream. It is a purposeful penetrating action for initiating, promoting and managing the economic activity or activities for the production and distribution of wealth. There should be a person with a mind, heart and intention to combine them all and convert them into production or creation of goods and services wanted by the people. It is the entrepreneur who has to come forward to execute these activities related to production with the sole purpose of satisfying the customer.

If one looks into the characteristics of entrepreneur it represents a special type of person and everybody cannot become an entrepreneur. But this impression does not give a cent percent correct picture of entrepreneurship. Nonetheless an entrepreneur would certainly be different from non entrepreneur in terms of his psychological and social dispositions. However he/she does not need to have all these characteristics together. This does not mean that an entrepreneur cannot be successful without some of these characteristics. Without possessing many of these characteristics, an entrepreneur with strength in creative abilities may succeed.

3.9.1 Establishment of a business units:

An entrepreneur establishes his own business units by accepting the responsibility of risk. He maintaining, manages, and develops it and centrals to its distribution and production.

3.9.2 Specific personality:

A good entrepreneur has specific personality as has ability to inspire confidence in people and to motivate them to work with him.

3.9.3 Different from managers, technician, and capital provider:

An entrepreneur is neither technician nor manager but having different personality in compared to them. An entrepreneur can get technician, manager or capital from market but entrepreneur cannot be received from the market.

3.9.4 Entrepreneur is a person or group of persons:

An entrepreneur establishes a business unit for production and marketing, for which different forms of business organizations are utilized like sole proprietorship, partnership, joint stock Company etc. In sole partnership an entrepreneur is a person and in other forms entrepreneur is a group of persons.
3.9.5 Risk of uncertainty:

The risk of uncertainty is largely involved in a new venture. An entrepreneur bears risk in a venture in which there is not any certainty of profit.

3.9.6 Co-ordinates means of production:

Entrepreneur is an economic agent, who co-ordinates means of production – land, labour, and capital for profit motive, due to which the society gets valuable goods and services.

3.9.7 Motivate of economic growth:

Profit is backbone of any business activity. Entrepreneur also establishes a business unit for economic motive. Though he also fulfils social and psychological motives but the ultimate motives is profit making.

3.9.8 Innovative person:

The role of entrepreneur has been recognized as a prime source of innovation. He inspires innovations. By innovation he searches new products, services, production methods, market etc and helps rapid economic development.

3.9.9 Flexibility:

Most successful entrepreneurs tend to change if the situation so demands. They do not hesitate in revising their decisions. They are the people with open mind and are not rigid.

3.9.10 Useful to society and nation:

Entrepreneur plays a vital role in the development of society and nation. They are useful to us by producing innovative goods and services, promoting new enterprises, creating employment opportunities etc.

3.9.11 Creative new opportunities:

An entrepreneur establishes new business enterprises. From it, new opportunities are created by his experiences and takes optimum benefit to such opportunities.

3.9.12 Burning desire to excel:

An entrepreneur has a burning desire to achieve excel. He has strong self-confidence to excel achievement. He is result oriented. He enjoys in accepting challenges. He always tries to do his last best performance.

3.9.13 Adjustable to any environment:

An entrepreneur is easily adjustable to any type of environment; more over he makes the environment suitable to his business units.
3.9.14 Creation of self employment:

Entrepreneur establishes a business unit and there by creates self employment opportunities.

3.9.15 Motivators:

An entrepreneur must build a team, keep it motivated and provide an environment for individual growth and career development.

3.9.16 Decision making ability:

One of the most important functions of an entrepreneur is decision making. So an entrepreneur must be reasonably intelligent and should have creative thinking for selecting the best alternatives.

3.9.17 Leadership ability:

An entrepreneur has to get the things done through and by his employees. So he must provide sound leadership ability.

3.9.18 Technical skills:

Writing, oral communication, monitoring environment, technical business management, and technology know how, interpersonal, listing, ability to organize, network building, coaching, being a team player.

3.9.19 Business Management Skills:

Planning and goal setting, decision making, human relations, marketing, finance, accounting, management, control, negotiation, venture launch, managing growth… etc.

3.9.20 Personal Entrepreneurial Skills:

Inner control, discipline, risk taking, innovative, change oriented, persistent, visionary leader, ability to manage change. Entrepreneurial Development Institute of India at Gandhinagar describes the entrepreneurial competencies as under:

3.9.21 Initiative:

Entrepreneurs displaying this competency undertake a task even before being asked or forced to circumstances. Such an initiative taking capability impacts efficiency and becomes basis of sustainable competitive advantage.

3.9.22 Seeking and Acting on Opportunities:

By their very nature successful entrepreneurs intensify their access to resources, opportunities, finance, land and equipments. They have this unique entrepreneurial ability that helps them seize unusual opportunities.
3.9.23 Persistence: -

An important competency that makes all entrepreneurs repository of gift and perseverance. Obstacles do not dishearten such an entrepreneur and he continues making efforts to emerge victorious out of problems.

3.9.24 Information Seeking:

The presence of competency lends him a deterministic attitude. He identifies various sources of information and ensures a continuous information flow in order to maximize the success of the organization.

3.9.25 Concern for High quality of Work:

The primary endeavor of entrepreneur with such a competency is to beat the existing standards of excellence. It is his concern for high quality of work that gives him a sense of satisfaction and achievement.

3.10 Qualities of Entrepreneurs

A true entrepreneur must also follow qualities for help to developing and drive to accomplish great task and face challenges squarely.

James J. Berne is stressed on following qualities of a good entrepreneur.
1) He is an enterprising individual. He is energetic, hard working, resourceful aware of new opportunities, able to adjust himself to changing conditions with ease and willing to assume risks involved in change.
2) He is interested in advancing technologically and in improving the quality of his product or service.
3) He is interested in expanding the scale of his operations by reinvesting his earnings.
4) He visualizes changes adopts.
5) He is a firm believer in planning and systematic work.
6) He works for the society at large and for the good of his fellow beings.

Following are the personal qualities that contributed to the success of an entrepreneur.

3.10.1 Motivation Towards Achievement: -

A successful entrepreneur should be a good administrator. He should know the art of getting things done by other people without hearting their feelings or self respect. He should have a strong motivation towards the achievement of a task and must be able to exert considerable efforts in getting things done by others.
3.10.2 Creativity: -

Mental ability consists of intelligence, an analytical approach and creative things. An entrepreneur should have creative thinking and be able to engage in the analysis of various problems and situations in order to deal with them. The entrepreneur should anticipate changes and must be able to study various situations in which decisions may have to be made.

3.10.3 Clarity: -

An entrepreneur should have clear objectives as to the exact nature of the business, the nature of the goods to be produced and the subsidiary activities to be undertaken.

Kilby has stressed on following qualities of a good or successful entrepreneur.

3.10.4) Perception of market opportunities.
3.10.5) Gaining command over scarce resources.
3.10.6) Purchasing of inputs.
3.10.7) Marketing of the product and responding effectively to competition.
3.10.8) Dealing with public bureaucracy as regards concession, licenses, taxes, etc. provided through the various fiscal policies of the government.
3.10.9) Management of the human relations within the enterprise.
3.10.10) Management of the customer and supplier relations.
3.10.11) Financial management.
3.10.12) Production management, including control through written records, supervision, coordinating input flows with orders, maintenance.
3.10.13) Acquiring and overseeing assembly of the plant.
3.10.14) Taking care for minimizing inputs for a given production process.
3.10.15) Maintaining the production process and improving the quality of the product.
3.10.16) Introducing of new production techniques and product lines.

3.11 Role of an Entrepreneur

Every country is very keen in promoting its economic development. Economic development implies development of agriculture and industry resulting in an increase in the per capita income of the country. The economic development largely depends on human resources. Again, human resources alone cannot produce economic development. It requires an agent who is nothing but a dynamic entrepreneur. The entrepreneur really acts as a hero in
the drama of economic development. Entrepreneur played important role in the economic development.

Entrepreneurs played following roles in the economic development of any nation / country.

3.11.1 Coordinating Role: -

The essential function of an entrepreneur is to coordinate the various factors of production. Coordination involves selection of the right type of factors, employment of each factor in the right quality, use of the best technology, division of labour etc. He must also see that the best combination of factors is made available for the production process. In the absence of this coordination role, the factors of production will remain idle in the country. Thus, entrepreneurs enhance economic growth by coordinating and integrating the resources available in the country.

3.11.2 Agent Role: -

Entrepreneurs are agent of change in economic development of country. Entrepreneurs act as catalyst or agent of economic development, by perceiving opportunities and putting them into action. Entrepreneurs, seizing opportunities, set up business undertakings and industries and thereby make economic transformation. Thus, economic development is an effect for which entrepreneurship is the cause.

3.11.3 Role of Innovation: -

Innovation is a key to entrepreneurship. Innovation implies the commercial application of an innovation. As an innovator, the entrepreneur assumes the role of a pioneer and an industrial leader. Entrepreneurs have contributed many innovations in developing new products and in the existing products and services. All these have resulted in economic development by providing more employment, more income etc. In fact the innovational activity raises the productive efficiency of the economy resulting in greater output and income. Thus innovative entrepreneurship can alter the production function of nations and brings about rapid development. In their absence, many scientific inventions would have remained as they were.

3.11.4 Risk Assumption Role: -

The most important function of an entrepreneur is the assumption of risk. Every productive venture involves risks and production can not take place if people do not come forward to bear risks. The economic reward for risk bearing is profit. The quantum of profit depends upon the quantum of risks undertaken. A profit lead to saving of wealth ultimately
goes to capital formation which is the basic ingredient for economic development by coming forward to assume risks of productive ventures.

3.11.5 Imitating Role: -

Entrepreneurs in developing countries take the role of “imitators” who generally copy the innovations introduced by the “innovative” entrepreneurs of the developed countries. The copy of the organization technology and the products of innovation from other developed regions. They are capable of adopting the innovative technology to the local conditions prevailing in the country, and establish business enterprises. Imitative entrepreneurship seems to be the best medicine for the underdeveloped countries to overcome their entrepreneurial ills and bring about substantial economic development. They contribute the main spring of development of underdeveloped regions.

3.11.6 Capital Formation Role: -

Entrepreneurs promote capital formation by mobilizing the idle savings of the public. Again, the profits they earn lead to saving of wealth which ultimately goes to capital formation. Entrepreneurs have been referred to as the human agents needed to “mobilize capital to exploit natural resources, to create markets and to carry on trade.” Without capital formation, economic development remains static.

3.11.7 Balancing Role: -

Developing countries like India aims at decentralized industrial structure to remove the regional imbalances in the level of economic development. Entrepreneurs play a dominant role of achieves balanced regional development by starting small-scale-industries. Small-scale industries provide immediate large-scale employment ensure a more equitable distribution of national income and thus facilitate balanced regional development. Moreover, it should be noted that from small enterprises, entrepreneurs get inspiration to start large units which have a wider impact on the economy as a whole.

3.11.8 Status Transformation Role: -

Entrepreneurs create wealth, generate employment and income and thereby they increase the standard of living of the people. People are able to have a better standard of living by getting improved products and comforts supplied by entrepreneurs.

Increase in the standard of living automatically promotes and stimulates economic development and it has the effect of reducing the wide disparity in income levels. It also helps to reduce the concentration of economic power.
3.11.9 Employment Generation Role:

Entrepreneurs with high achievement motivation come forward to establish business and industries, ventures which provide immediate large-scale employment. Thus, entrepreneurs help to reduce the unemployment problem in the country. In fact unemployment problem is the root cause of all socio economic problems.

3.11.10 Expert Promotion Role:

Entrepreneurs also promote a country’s export trade which is an important ingredient to economic development.

Thus, the entrepreneurs are always on the lookout of making the economic system of its dynamic best. They stimulate progress by means of their entrepreneurial activities and act as mainspring of economic development. They have the potential of transforming their underdeveloped economics into developed economics.

3.12 Functions of an Entrepreneur

Entrepreneurs are performed many functions in the economic development with their own risk and social awareness. Following are the main functions of entrepreneurs.

The main functions of entrepreneurs are as follows-

1) Project Decision
2) Planning the Project
3) Risk Taking
4) Organization Building
5) Managerial Function
6) Raising the Finance or Fund
7) Innovation

3.12.1 Project Decision:

An entrepreneur has to take a decision like business can be either as a manufacturer or as a distributor manufacturing activities as compared to distribution activities or sole trading activities require a relatively high capital investment and higher entrepreneurial abilities. He has to decide the nature and type of goods to be manufactured. He effects suitable changes in the size of business, its location, techniques of production and does everything that he needed for the development of his business unit.
3.12.2 Planning the Project: -

It is the basic step in the direction of setting up of an enterprise. Generally the entrepreneur plans in the following manner.
1) Selection of product line.
2) Determination of the firm of organization i.e. sole proprietorship, partnership, or corporate company.
3) Estimation of capital.
4) Selection of capital resources.
5) Studying the Government regulations and selecting the ways to fulfill the formalities.
6) Study of market and market strategy to be adopted.
7) Deciding the profit margin.

The project report prepared by the entrepreneurs, enlists all these details in a formal systematic format.

3.12.3 Risk Taking: -

Entrepreneur assumes the responsibility for loss that may arise due to unforeseen contingencies in future. He guarantees interest to creditors, wages to labour and many more.

3.12.4 Organization Building: -

The entrepreneur brings together various factors of production, organizes them properly and performs the decision making function of administration. As an organization builder performs planning, co-coordinating and control.

3.12.5 Managerial functions: -

The entrepreneur formulates production plans, arranges finance, purchases raw materials, provides production techniques, and organizes sales. In corporate company these functions are delegates to the paid managerial personnel.

3.12.6 Business Decisions: -

The entrepreneur has to take a number of business decisions. He has to decide the nature and type of goods to be manufactured. He effects suitable changes in the size of business, its location, techniques of production and does everything that he needed for the development of his business.

3.12.7 Innovation: -

Innovation means doing new things or doing things that are already being done in new ways. An entrepreneur introduces new combinations in any economic activity.

Innovation includes:
1) Introduction of new product.
2) Introduction of new quality of an existing product.
3) New form of organization of industry.
4) Opening of new market.
5) Introduction of new source of raw materials.

Following are the other functions of entrepreneurs

3.12.8 Search of new ideas: -

Entrepreneurship process starts with generation of new ideas to establish a business. So the first fundamental function of an entrepreneur is to initiate searching new ideas about product, service, technology and market etc. entrepreneur initiates creative thinking and innovative thinking.

3.12.9 Procure the factor of production: -

To start an enterprise an entrepreneur needs the factors of production – land, labour, capital, and technology. So after generating new ideas of business he has to procure factors of productions.

3.12.10 To establish an industrial enterprise: -

Entrepreneur is promoter of an industrial enterprise. So here he has to select location of business and to plan about how to shift the idea of establishing enterprise into its implementation.

3.12.11 To develop strategy: -

After starting the business units, a number of challenges, risks, difficulties, problems, tend to begin. In order to face such situation, an entrepreneur has to develop related strategies, to play tactics and to win the market share. Here by SWOT Analysis if strategies are developed, there are more possibilities of being success.

3.12.12 To develop business: -

After establishing an enterprise, an entrepreneur tries to develop it periodically. For developing the business he has to increase production volume, market share, wealth and competitive share. Right strategy for developing the business leads to become market leader.

3.12.13 To provide leadership: -

As an owner of the enterprise, he has to provide sound leadership to his followers. By sound leadership, followers can be directed, guided and encouraged for achieving goals of the enterprise and they put their best efforts voluntary.
To meet social responsibility:

Profit is the backbone of any business. An entrepreneur establishes a business unit for profit motive. But he also renders many social responsibilities, along with profit motive. He creates employment opportunities; achieve social welfare by controlling environmental pollution, satisfies varies needs of society, sells goods and services at reasonable price and renders many other social responsibilities.

“An entrepreneur does perform all the functions necessary right from the genesis of an idea up-to the establishment of an enterprise. Dr. S. S. Khanka stressed on following functions of an entrepreneur.

1. The development of an organization including efficient relations with subordinates and all employees.
2. Securing adequate financial resources, and maintaining good relations with the existing and potential investors.
3. The requisition of efficient technological equipment and the revision of it as new machinery appeared.
4. The development of a market for the products and the devising of new products to meet or anticipate consumer’s demand.
5. The maintenance of good relations with public authorities and with the society at large.
6. Creating new opportunities to self employment and same to the public.
7. Idea generation and scanning of the best suitable idea.
9. Product analysis and market research.
10. Determination of form of ownership/organization.
11. Completion of the promotional formalities.
13. Recruitment of men in the organization and eliminate unemployment of society.
14. Undertaking the business operation.
15. Risk bearing function.
16. Organizing function.

Small Scale Industries

Our study is limited to small scale industries in the Osmanabad district. Hence the study of small scale industries is necessary.
Entrepreneurship is a tool of economic development. Entrepreneurs are playing an important role in the development process. At the present era small scale industries play an important role in industrialization for developing country. Small entrepreneur is one of the most essential inputs in the economic development of a country. Khadi & village industries like SSI occupy an important place in the Indian economy in generating income and employment to rural labour force particularly to those living below the poverty line. Small scale industries use local raw material and manpower and develop local initiatives and cooperate the development of promotion and the skill of the artisans and small scale industries need low capital investment for the generation of income and employment.

“Entrepreneur is one of the most inputs in the economic development of a country. In India both Government and private sector work together for entrepreneurial development, the small scale industrial sector is totally left for private entrepreneurs. No one can deny this fact that the development of small scale sector is mainly due to entrepreneurship development.

“Age of mammoth organizations are gone and the future lay with small and dynamic, efficient productions groups that could respond quickly to customers’ needs. Small scale industry plays an important role in a country’s economy. These impact, provide the base industrial development and economic growth in the country. These industries, more important for entrepreneurs of small means whose access to industrial credit is limited, require lesser skill and smaller capital but provide more employment opportunities. Although most such units were in government control, they remained deprived of the industrial credit which were also in government control at that time economist are of the view that one of the reasons of increase in the poverty level in the country is the stagnation in small industry due to the lack of institutional credit and other necessary infrastructure”.

Definition:

“Industrial units with a capital investment of not more than Rs.1 crore are treated as small scale industries”. Small scale industries can be defined on the basis of

(I). Size of employment
(ii). Investment level
(iii). National income
As per above basis definition of small scale industry:-
3.13.1 Small Scale Industry (SSI): - Include all those undertakings having an investment in fixed assets in plant and machinery whether held on ownership terms or by lease or by hire purchase, not exceeding Rs.60 lacks.

3.13.2 Ancillary Units: - are industrial undertakings having fixed investment in plant and machinery not exceeding Rs.75 lacks engaged in:

   3.13.2.1 The manufacture of parts, components, sub-assembles, trolling or intermediaries
   Or
   3.13.2.2 Rendering of services supplying 30% of their production or services as the case may be to other units for production of other articles. Provided that the unit referred in (a) & (b) shall not be subsidiary of or owed or controlled by any other industrial undertakings.

3.13.3 Tiny Units: - refer to undertakings having fixed investments in plant and machinery not exceeding Rs.5 lacks.

3.13.4 Small scale service establishment: - means enterprise engaged in personal or household services in rural areas and towns with the population not exceeding Rs.5 lacks and having fixed investment in plant and machinery not exceeding Rs.2 lacks.

3.13.5 Household Industries: - cover artisans, skilled craftsman and technicians who can work in their own houses if their work requires less than 300 sq. feet space, less than 5 workers and no pollution is caused.

3.14 Importance of small scale industries

With the turn of the country, there has been lot of change in economic front all around the world and specifically in India. As everyone was driving towards world economy the government’s liberalization and economic reforms program aims at rapid and substantial economic growth and integration with the global economy in a harmonized manner. Following are the reasons for the growing importance of small scale industries.

3.14.1 Have reduced the industrial licensing requirements.
3.14.2 Removed restrictions on investment and expansion.
3.14.3 Facilitated easy access to foreign technology and foreign direct investment.
3.14.4 Relaxation in the aforesaid location restriction.
3.14.5 Reduced transactions rates in banks.
3.14.6 Larger organizations are stressing on out sourcing.
3.14.7 Credit capital available from banks at lower interest rate.
3.14.8 Reduced red tapism.
3.14.9 Industrial reforms.
3.14.10 Prevailing scarcity for the promotion of large scale industries.

### 3.15 Role of Small Scale Industry

These encouraging governmental policies and economic scenario have greatly influenced the emergence of small scale sector today. Here by the role of small scale industries has widened in following.

3.15.1 Foreign exchange earner: -

SSI helps in reducing pressure on balance of payments. These industries have a substantial share in the export of textile, garments, carpets, surgical instruments, leather, sports and engineering goods. These also save foreign exchange, producing goods from local resources.

3.15.2 Employment: -

Countries like India have abundant manpower, so labour intensive techniques of production are more suitable. These provide immediate large scale employment and have a comparatively higher labour capital ratio. These industries do not require high level of technology so even unskilled and semi-skilled workers are used for productive purpose.

3.15.3 Resource efficiency: -

SSI process locally produces raw materials, so beneficial for countries like ours which are rich in agricultural, forest and mineral resources. SSI uses indigenous machinery and raw material which in turn, helps in the growth of engineering and other sectors.

3.15.4 Entrepreneurial development: -

These units implant entrepreneurial talents in initiators. Small scale units act as training ground for entrepreneurs. The skills and knowledge gained by the enterprise in small enterprise can be used to transform it into big one. This stimulates growth of industrial entrepreneur.
3.15.5 Low capital: -

Less investment is required as it has shorter gestation period. So project becomes viable early.

3.15.6 Social benefits: -

Small scale industries bring about equitable distribution of national income. The national growth and equity objectives are fulfilled. Development of these enterprises strengthens extended family social system instead of dispersing them.

3.15.7 Mobilization of national resources: -

Diversification of industrial structure which often leads to increased utilization of national resources. It is also expected to bring about the dispersal of industries in rural and semi-urban areas with the advantage of equitable distribution of national income.

3.15.8 Economic Development: -

SSI checks the expansion of monopolies. They meet demand of mass consumption goods. They bring about integration of rural economy. They even help in attainment of self reliance.

Although this era of globalization and liberalization, small scale industries are fearful of the multinational and foreign firms which are providing variety of products with international brand names and technical superiority. These small scale enterprises will even find it hard to counter the intensive marketing effort of these weals-their firms.

3.16 Entrepreneurship Development in Maharashtra

3.16.1 Background of Maharashtra

Maharashtra State has played a pivotal role in the industrial development of country. The state’s focus has consistently been on developing a strong industrial sector, as it should not depend on agriculture alone for its development.

Maharashtra is the second largest state in India both in terms of population 9.3% and Geographical area 9.3%. It is the better urbanized with 45% people residing in urban area, as compared to the India average of 31.2%. It is bifurcated into six revenue divisions’ viz. Konkan, Pune, Nashik, Aurangabad, Amravati and Nagpur for administrative purposes. It has a long tradition of having statutory bodies for planning at the district. For local self governance in rural areas, there are 33 Zilla Parishads, 351 Panchayat Samities, and 27,906 Gram Panchayat. The urban area is governed through 23 Muncipal Corporations, 221 Muncipal Councils, Five Nagar Panchyats and Seven Contonment Boards.
Maharashtra’s Gross State Domestic Product (GSDP) at prices for 2011-12 is estimated at Rs. 11.99 crore, contributing to 14.4% of India’s Gross Domestic Product (GDP). The GSDP at constant prices has increased at 8.1% in the last five years (2006-07 to 2011-12) slightly higher than the GDP growth of India at 7.9%.

Presently, industrial and services sector both together contribute about 87% of GSDP, while agriculture and allied activities sector’s contribution is about 13%. The per capita income of the state at current prices is estimated at Rs. 95,339 in the year 2011-12 much higher than the All India average of Rs. 60,972 per annum. As per India Human Development Report, 2011 Human Development Index (HDI) of India average is 0.467 and Maharashtra ranks 5th in the country with HDI of 0.572. The state has placed thrust on primary education, which has resulted in consistent improvement in literacy rate. As of census 2011 the state literacy rate was 82.91% higher than All India average of 74%. The state has prominent higher educational institutions in the fields of engineering, medical and management. As mentioned earlier, Maharashtra makes second largest contribution of India’s population thus becoming a large contributor to the India’s demographic dividend. As of census 2011, Maharashtra has a population of 11.23 crore persons of this 59% of the population is in working age group, while only 24% is in the labour force. The gap is attributed to people who do not want to work. This could be due to aspirations for higher studies or voluntary unemployment for unwillingness to work as of 2011; the state’s workforce is estimated at 4.94 crore persons. Majority of these are employed in agriculture at 55% as either cultivators or agriculture labourers. The remaining 45% are employed in non-agriculture activities.

The state government has worked on building a good education infrastructure in the state over the last few years to ensure availability of qualified and skilled manpower in the state. Presently have the 20 universities, 3277 general colleges, 1004 engineering colleges, 508 MBA colleges, and many other educational institutions for higher studies in different streams. At school level, the state has 75,695 primary schools and 21,357 secondary and higher secondary schools.

### 3.16.2 Migration

Being one of the biggest economics in India, Maharashtra attracts lot of migrants. The state not only sees intra-district and inter-district migration, but also witnesses’ net immigration of human resources.
3.16.3 Entrepreneurship in Maharashtra

The state government Industrial policy has always remained in turn with the central Industrial policy. The state government declared the new industrial investment and infrastructure policy in 2006. The objectives of this policy are to achieve higher and sustainable economic growth with emphasis on balanced regional development and employment generation through greater and public investment in industrial and infrastructure development. The policy objective will be realized through the following strategies, namely the identification of main thrust sector, building up of quality infrastructure, incentives to investment and attracting foreign and domestic mega investment etc.

Entrepreneurship is not new to Maharashtra however entrepreneurship as a subject in technological institutions and entrepreneurship as a career option is gaining momentum only recently as the emergence of knowledge based Technopreneurs over the world. The Government of Maharashtra had given emphasis on promoting entrepreneurship in underdeveloped area. Mumbai, Kalyan, Thane, Belapur and Pune these are industrial developed zone in Maharashtra.

In Maharashtra among 35 districts there are 66 industrial centers, out of those 21 centers, industrial estates had been established. Out of these 66 centers, 5 centers are authorized by central Government and 61 centers from state Government. The state Government has one of the objectives that there should be at least one center in one Tahsil.

Maharashtra has the distinction of being the most industrialized state in the country. It is also the pioneer in small scale industries. It attracts industrial investment from both domestic as well as foreign institutions. It also boasts of a large no of special export promotion zone in the country.

Since 1991 to 2012, the state has attracted industrial investment worth Rs. 950,972crores, which has provided employment to over 40 lack persons. The industrial investments are to the extent of 9.6% of total industrial investments proposed in India and employment they have generated is to the extent of 19.8% of that of India.

From 1991 to 2012 the state has approved 4246 FDI project, (20.6% of India), which amounted to total investment of Rs. 97,799crores (22.9% of India) of the total approved FDI project in Maharashtra 45% have been commissioned and 10% are under execution, with a share of investment of 51% and 8% respectively.

Based on annual survey of industries (ASI-2008) Maharashtra has 20,448 factories employing 1032,625 workers. The state has a 13.2% of the total registered industries in India
during 2008-09. The contribution of the state in total value of output was 18.4% while that in the gross value added was above 21.4% during the same period.

Map No. 3.16.1 Maharashtra State Map

Maharashtra State Map
3.17 Entrepreneurship Development in Marathwada Region

3.17.1 Introduction of Marathwada Region

For administrative purpose, the Maharashtra state is divided into the six divisions i.e. Konkan, Pune, Nashik, Aurangabad, Nagpur and Amravati. Aurangabad division is called as Marathwada region. For administrative purpose this region is again divided into eight districts. The headquarters of the region is Aurangabad. The eight districts of the region are Aurangabad, Jalana, Beed, Osmanabad, Latur, Nanded, Parbhani and Hingoli. Among all these districts the Osmanabad district is most industrially backward district. Today entrepreneurship development of this district is the need of hour and is the alternate source for employment opportunities and wide spread industrial development in the district.

Map No. 3.17.1 Marathwada Region Map
3.17.2 Aurangabad District

3.17.2.1 Introduction

Aurangabad district is the part of Marathwada division. The area of district is 10,107 sq. km. (3.28% of the state area). Aurangabad is located at Godavari basin and other part of the district is located north and west of Tapi river basin.

56% Population of the district lives in rural area and 44% population lives in urban area. The district populations have 36.95 lacks as per 2011 census. 62% population of the district engaged in agriculture labour, 36% population of the district engaged in service sector and 2% are in household industry. The main crops of the district are Sugarcane, Bajari, Jawar and Wheat.

The literacy rate of the district is 80.40%. (Male literacy rate is 89.31% and female literacy rate is 70.81%).

The GDP of the district is 2.95% of the state GDP as per 2011 census and the per capita income of the district is 52,177 as per 2011 census.

3.17.2.2 Industries

Up to 2012 the district had 214 large scale and medium scale industrial unit and 80,500 people were working in both sector. The district have 4424 Small scale industrial unit and 110,225 people were working in small scale sector.

3.17.2.3 Services sector

The service sector of the district contribute 43% income of district GDP (i.e. 15% from trade, hotel and restaurant, 8% from real estate, 8% from banking and insurance, 4% from public administration and 8% from other services).

3.17.2.4 Educational facilities

Up to 2012 the district had 3025 school (i.e. 48% primary, 34% upper primary and 18% secondary and higher secondary schools). The student teacher ratio of the district was 30:1. Total student were enrolled in 2012 568,647. The district had 16 ITI’s/ ITC’s up to march 2012.

3.17.2.5 Sugar factories
The district have eight co-operative sugar factories but only two sugar factories are working with full capacity and remaining six are sick factories.

3.17.2.6 Manufacturing of Food Products & Beverages

The district involves multiple food factories and beverages units in SSI sector. Presently 316 were engaged in food product and beverages and 9,845 persons are working in same sector. Total investment of the sector is Rs. 2481acks as per 2011 census.

3.17.2.7 Auto and Auto Ancillary Sector

The district industry is clustered with auto ancillary units. Majority of the engineering and manufacturing industry are including and supporting automotive original equipment manufacturers in this sector. At present most of the auto industries are in the district such as Bajaj Auto Ltd. Producing two wheelers from 1970s, and responsible for changing the industrial climate of Aurangabad city and generating new employment. A number of ancillary units were established in Aurangabad due to Bajaj Auto Ltd. they were made and supply spare-parts to Bajaj Auto. Some of the automotive factories are Good Year South Asia Tyre Pvt.Ltd., Balkrishna Tyres Ltd., Skoda India, and Siemens India.

3.17.2.8 Textile and Clothing industries

The district had many silk and cotton textile industries. As per the 2011 census the district have 77 small scale units of textile and clothing and were employing 2229 persons. Mashru and Himroo fabrics made in the district. Paithani silk saris are also made in Aurangabad.the name of saris used from Paithan town and the sari made from pure silk and zari.

3.17.2.9 Tourism and Hospitality facilities

The Aurangabad district has been declared Tourist Capital in Maharashtra. Some of the historical monuments and tourist attractions have in the district such as Ajanta Caves and Ellora caves, Bibi Ka Maqbara, Panchakki, Gates in Aurangabad, Naukhanda palace, Himayat Baugh Aurangabad, Salim Ali Lake & Bird Sanctuary, Aurangabad Caves, Quila-E-Ark, Kali Masjid, Jama Masjid, Shahganj Masjid, Chowk Masjid, Pir Ismail Mausoleum, Sunehri Mahal, Daulatabad fort, Khuldabad garden, Grishneshwar Temple, Jayakwadi Dam, Dnyapeshwar Udyan, Pitalkhora Caves, Gautala Sanctuary, Kaghzipura, Mhaismal.

3.17.2.10 Chemicals and Pharmaceutical Sector

Aurangabad region ranked among top 20 pharma hub. Some important multinational Pharmaceutical units are in the district i.e. Ajanta Pharma Ltd., Innotech Pharma Ltd., Johnson and Johnson Ltd., M/s Wockhardt, Lupin Ltd. M/s Wockhardt is
largest Biopharmaceutical plant in India. 107 hectares land in sendra MIDC has allotted for Pharmaceutical SEZ.

3.17.2.11 Organized Retail sector

The district has 10 operational malls and 5,000 peoples were working in that malls. These malls providing the services of clothing, fashion accessories, jewelry, watches, footwear, health and beauty care, pharmaceuticals, consumer durables, home furnishings, groceries, books, music, entertainment, mobiles, computer, electronics and household articles etc.

3.17.3 Jalana District

3.17.3.1 Introduction

The district was formed on 1st May 1981 form Aurangabad district. This includes Ambad tahsils, Bhokardan tahsils and Jafrabad tahsils of Aurangabad district and Partur tahsil of Parbhani district. The area of the district is 7,718 sq. km., 2.51% of the state area. The district is connected with state and national capital through railway. The population of the district is 19.58 lacks as per 2011 census. The literacy rate of the district is 73.61%.

The GDP of the district is 1.70% of the state GDP as per 2011 census. 77% population of the district is depends on agriculture. The main crops of the district are jowar, wheat, and sweet lemon. The main production of the district is Sweet Lemon (Mosambi), which is highest in the State.

3.17.3.2 Industrial sector

The district has three types of industry. Agro based industry, textile based industries and metal & engineering based industry. But these industries employed maximum people of the district.

3.17.3.3 Services sector

The district has major services of industry, trade, hotels, restaurants and real estate. Which contribute 54% of GDP in the district as per 2011 census.

3.17.3.4 Educational facilities

Up to 2012 the district had 2036 school (i.e. 44% primary, 40% upper primary and 16% secondary and higher secondary schools). The student teacher ratio of the district was 32:1. Total student were enrolled in 2012 322,965. The district had 11 ITI’s up to march 2012.
3.17.3.5 Construction and Building Materials

This industry used steel scrap material for making TMT bars. This raw material brought from whole of Maharashtra and Raipur in Chhattisgarh. This industry provides employment for 4,222 peoples of the district. But there does not available foundry men in the district.

3.17.3.6 Textile and Clothing industries and Ganesh Idol Cluster

The district have 200 textile units, 1058 people were working in textile industries. The district have 118 micro units of Ganesh idol maker, 550 people were working in Ganesh idol units.

3.17.4 Beed District

3.17.4.1 Introduction

Beed is the district in Marathwada region of Maharashtra state from 1960. the district is situated in Deecan black basalt stone Balaghat Mountain. The north side of the district is plain called as Gangathadi (bank of Ganga-Godavari) and the higher part is Ghat at Balaghat. Population of the district is 25.85 lacks and the literacy rate of the district is 73.53% as per 2011 census. 76% population of the district is depends on agriculture labour. Majority of the crops are taken in Kharif season. The main crops of the district in kharif season are jawar, bajra, tur, udid, cotton and ground-nut, and in Rabi season crops are Jawar, wheat, harbara, kardai etc.

The GDP of the district is 2.29% of the state GDP as per the 2011 census.

3.17.4.2 Industry

The district has 284 small scale agro based industrial units and 4993 peoples were working in this industry. Also in the district there are 113 cotton based units which employing 2,251 persons in this industry.

3.17.4.3 Services

The service sector of the district contributes 58% of GDP of District. Trade, Hotels and Restaurants are the key services of the district. Then followed by real estate, legal services, etc,
3.17.4.4 Educational facilities

Up to 2012 the district had 3,174 schools (i.e. 53% primary, 27% upper primary and 20% secondary and higher secondary schools). The student teacher ratio of the district was 27:1. Total student were enrolled in 2012 432,958. The district had 18 ITI’s up to march 2012.

3.17.4.5 Food Processing and Sugar based industries

The Beed district having many sugar based industries. 4,061 people were working in sugar based industries. The district has huge scope of sugar based industries, due to availability of raw materials /sugarcane.

3.17.4.6 Textile and Clothing industries

The district has cluster based cotton industries. 1200 people were working in this industry. The district has first cotton seed oil mills association of Beed where 80 units and 750 peoples were working in cluster. Ramling textile cotton association with 70 units and 2200 employees were working in the district.

3.17.5 Latur District

3.17.5.1 Introduction

Latur district is situated on the Maharashtra Karnataka border. The historical name of the district was Ratnapur. The district was formed in 1981 from Osmanabad district. The area of the district is 7,157 sq. km. which is 2.3% of the state area. The population of the district is 24.55lack and the literacy rate of the district is 79%. The district is agrarian based district and 73% population of the district is depends on agriculture. The main crops of the district in kharif are Jowar, Tur, Blackgram, and Soya-bean and Rabi crops are Jowar, Gram, and Wheat crops.

The GDP of the district is 3.48% of the state GDP as per 2011 census and the per capita income of the district is near about 84,000 as per 2011 census. The district primary sector contributes 22% to the district income, secondary sector contribute 21% and tertiary sector contribute 57% to the district income.
3.17.5.2 Industry

The district has 21 medium and large scale units at working with the investment of Rs. 388 crores and 2280 small scale units are working with the investment of Rs. 148 crores in the district. Some large scale units are going to set up their plant with the investment of Rs. 600 crore.

3.17.5.3 Services sector

The service sector of the district contributes 57% GDP. The key services of the district are Trade, Hotels and Restaurants, and then followed by real estate, ownership of dwellings, business and legal services’, etc.

3.17.5.4 Educational facilities

Up to 2012 the district had 2,294 schools (i.e. 35% primary, 40% upper primary and 26% secondary and higher secondary schools). The student teacher ratio of the district was 30:1. Total student were enrolled in 2012 421,310. The district had 12 ITI’s up to march 2012.

3.17.5.5 Food Processing industries-Sugar, Soyabean

The district has many sugar based industries and raw material of sugarcane industries Manjara sugar factory was established with Rs. 80 crores and 800 people were working. Manjara sugar factory is the largest sugar factory in Latur district and used advanced technology. Rena sugar, Vikas sugar, Siddhi sugar, Jagruti sugar, DDN Jaggery, etc. are the sugar based industries in the Latur district.

The district has some oil based soya processing industries. Tina is a one of large scale oil and chemicals factory working in Latur MIDC. 260 peoples are working with Tina mill. Kirti Agro Vet Limited is oil based industry providing employment to 70 peoples in the district.
3.17.6 Nanded District

3.17.6.1 Introduction

Nanded district is located on Godavari basin. The district was formed from Parbhani district on 1 May 1999. The area of the district is 10,528 sq. km. The population of the district is 33.56 lacks and the literacy rate of the district is 76.94%. 74% population of the district is depends on agriculture. The main crops of the district are cotton, soya-bean, jowar, pulses, sugarcane, banana, sweet lime etc. The district has a good fertile soil from Godavari basin. But agriculture contributes only 14% in to GDP of the district.

The GDP of the district is 3.00% of the state GDP. Contribution of primary sectary is 19%, secondary sectary 21% and service sectary were 60% as per 2011 censes.

3.17.6.2 Industrial estate

The Government declared SEZ in Kurshnoor MIDC of the district. Presently more than 50 agro processing units and cotton industries are operating in the district. No of oil mills, pharmaceutical units, food and fruit processing units are operating in the district. Majority of the revenues are contributed from industrial estate of the district. Some large scale units are on going in SEZ of Kurshnoor MIDC with large investment.

3.17.6.3 Services

The district service sector contributes 60% of GDP in district. Main services of the district are Trade, Hotels and Restaurants. Then followed by real estate, business legal services etc.

3.17.6.4 Educational facilities

Up to 2012 the district had 3,388 schools (i.e. 41% primary, 40% upper primary and 19% secondary and higher secondary schools). The student teacher ratio of the district was 30:1. Total student were enrolled in 2012 547,779. The district had 18 ITI’s up to march 2012. The private institutes provided skill development courses such as handcraft, tailoring and cutting, construction supervisor, embroidery, fancy work etc.

3.17.6.5 Textiles & clothing Industries

Presently, 106 cotton based industries are operating in the district were 931 people are working with this industry. The district has ample scope of cotton based industries in future. It is the strength of the district development.
3.17.6.6  Travel, tourism and hospitality

The identity of the Nanded district is in whole of the world due to its historically significant gurudwara. Sikhs brothers come from whole of the world to Nanded to pray a visit to the gurudwara. The district has some famous forts and hot springs. Nanded would be developed as a tourist spot due to its religious significance. Takhat Sachkhand Shri Hazur Abchalnagar Sahib is the main Gurudwara of Nanded and is one of the five high seats of Authority of the sikhs. This is the place where Shri Guru Gobind Singhji breathed his last. The Gurudwara is situated in Nanded Town.

3.17.7  Parbhani District

3.17.7.1 Introduction

Parbhani district becomes on 1 May 1960. The old name of the district was Prabhavatinagar. The area of the district is 6,214 sq. km. i.e. 2.00% of the state area. The population of the district is 18.35 lacks and the literacy rate of the district is 75.22%. The district occupation is mainly agriculture and 76% of the population engaged in agriculture work and allied activities. The main crops of the district are cotton, jowar, gram, sorghum, soya-bean, green gram, black gram and pigeon pea etc.

The GDP of the district is 1.65% of the state GDP. The contribution in GDP of the district from primary sector is 28%, secondary sector is 21% and service sector is 51% as per 2011 census.

3.17.7.2  Industries

The district is industrially backward district. Presently 84 small scale units are working in the district. The district has large scope of development in cotton industry, milk industry, Dal mills, Rava mills etc.

3.17.7.3  Services

The services sector contributes 51% of GDP of the district. The main services in the district are trade, hotels, and restaurants then followed by real estate and other services.

3.17.7.4  Educational facilities

Up to 2012 the district had 1,531 schools (i.e. 38% primary, 43% upper primary and 18% secondary and higher secondary schools). The student teacher ratio of the district was 29:1. Total student were enrolled in 2012 311,475. The district has 10 ITI’s up to march
2012. The district has 66 general colleges and 13 technical colleges. The district has one Agriculture University named Marathwada Krishi Vidyapeeth.

3.17.7.5 **Cotton Ginning and Pressing industries**

In the Parbhani district 29 cotton cluster units are working and 1500 people engaged employees in this industry. The district has big potential for growing and developing of this sector.

3.17.8 Hingoli District

3.17.8.1 **Introduction**

Hingoli district is the part of Marathwada in the State of Maharashtra. The district is separated from Parbhani district on 1 May 1999. The district is situated in Balaghat and Satpuda mountain ranges. The area of the district is 4,827 sq. km. The population of the district is 11.78 lacks and the literacy rate is 76.04%. The major population of the district is engaged in agriculture i.e. 80%. The main crops of the district are soya-bean, cotton, jowar, tur, pulses, wheat, gram, oil seeds, and sunflower.

The GDP of the district is 1.00% of the state GDP. The contribution of income from Primary sector is 34%, secondary sector is 16% and service sector is 50% into district GDP.

3.17.8.2 **Industry**

Hingoli district is industrially very backward and poor district. The district has wide scope for development of agro based industries. The district could be good opportunities to grow develop and expand various food processing units, cotton cluster units and other small scale sectors in the district.

3.17.8.3 **Educational facilities**

Up to 2012 the district had 1,132 schools (i.e. 40% primary, 44% upper primary and 16% secondary and higher secondary schools). The student teacher ratio of the district was 32:1. Total student were enrolled in 2012 188,840. The district has 6 ITI’s up to march 2012. The district has five technical institutions and vocational education.

3.17.4 Osmanabad District:

Our study is related to entrepreneurship development in Osmanabad as a backward district. A detailed study of Osmanabad district given in Chapter No - IV on page no 82;
3.18 References:

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