

**ENTREPRENEURSHIP AND SOCIETY IN INDIA :
A SOCIOLOGICAL ANALYSIS**

Dissertation Submitted to the
Jawaharlal Nehru University
in Partial fulfilment of the requirement for
the award of the Degree of

MASTER OF PHILOSOPHY

PRADEEP KUMAR



**CENTRE FOR THE STUDY OF SOCIAL SYSTEMS
SCHOOL OF SOCIAL SCIENCES
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI**

1998



जवाहरलाल नेहरू विश्वविद्यालय
JAWAHARLAL NEHRU UNIVERSITY
NEW DELHI 110 067

*Centre for the Study of Social Systems
School of Social Sciences*

July 21, 1998

CERTIFICATE

This is to certify that the dissertation entitled
"ENTREPRENEURSHIP AND SOCIETY IN INDIA : A
SOCIOLOGICAL ANALYSIS" submitted by PRADEEP
KUMAR, for the award of the degree of Master of
Philosophy (M. Phil.) in Jawaharlal Nehru University.
This dissertation has not been previously submitted for
any other degree of this or any other university.

This dissertation may be placed before the
examiners for evaluation.

PROF. K.L. SHARMA
(SUPERVISOR)

PROF. M.N. PANINI
(CHAIRPERSON)

DEDICATED TO

MY

FATHER

LATE HEDERA NATHE PRASAD

ACKNOWLEDGMENT

At the outset, I would like to thank my supervisor, Prof. K.L. Sharma for his kind co-operation and active supervision. I express my heartfelt thanks to him for extending his co-operation time and again.

I am also immensely indebted to Prof. J.S. Gandhi, for carefully reading the text and making many valuable suggestions.

I acknowledge my gratitude to Pramod, Mrinal, Ajitabh, Partha and many others for their immense moral support and encouragement in writing the manuscript.

I am also grateful to the staff of JNU library, Teen Murty library for their kind cooperation.

Finally, I express my thanks to Mr. Dheer Singh for taking the pain in typing the manuscript at odd hours and in time.


(PRADEEP KUMAR)

CONTENTS

	PAGE NO.
ACKNOWLEDGEMENT	
INTRODUCTION	1-4
CHAPTER - 1	5-23
INDUSTRIALISATION AND ENTREPRENEURSHIP: A Global Phenomenon	
CHAPTER - 2	24-46
DYNAMICS OF ENTREPRENEURSHIP IN INDIA: History and Contemporaneity	
CHAPTER - 3	47-59
STATE AND ENTREPRENEURSHIP IN INDIA	
CHAPTER - 4	60-72
CULTURE AND ENTREPRENEURSHIP	
CONCLUSION	73-77
BIBLIOGRAPHY	78-84

INTRODUCTION

Entrepreneurship is a key element of economic development. The process of entrepreneurship does not only include money making or spiraling profits but also implies responsibilities towards state and society. These social responsibility may vary from raising of living standards to employment generation. But social responsibilities are not the main aim of entrepreneurship. Whatever may be aim of entrepreneurship, it is vital for the development of the country.

In India, apart from slow and uneven economic growth, unequal distribution of income, resources and imbalanced regional development are main bottlenecks in healthy entrepreneurship. Low generation of employment and untapped human and physical resources are also major problems. The agriculture sector in which three-fourth of Indian population is involved has limited capacity to solve socio-economic problems of the people. Such situation calls for search of appropriate additional means to contribute to the development of Indian economy, particularly in regard to small-scale industries.

The role of entrepreneur in India becomes important to increase the pace of industrialization. There is no doubt that the success of industrial sector depends chiefly on the skills and ambitions of the entrepreneurs. For this, the Government of India have come forward with a number of incentives and concessions for the potential entrepreneurs. Despite efforts made to enhance entrepreneurship, it could not be achieved to the expected level. It has been felt that several factors inhibit the process of entrepreneurial growth.

Political stability and the nature of government are the main pre-requisites for emergence and development of entrepreneurship. It is often pointed out that the lack of effective implementation of policies, incentives, programmes and an improper functioning and coordination of bureaucratic networks are major causes for the slow pace of entrepreneurship. After the first world-war, the role of state has become important in this matter, especially in the developing countries like India.

Secondly, the institutions such as, caste and religious beliefs create problems in the development of entrepreneurship. In South Asian countries, occupational choices are influenced by social ramifications and varied status distinctions. Occupation in India is more than a mere job. Social status is attached with a range of occupations, acquisition of learning, imparting knowledge and priestly functions. But at the same time occupational stratification and status-distinctions overlap. Leather work or scavenging is considered impure and it is accorded the lowest rank. Secondly, occupation of a caste is fixed by birth, hence it is not open to members of other castes.

Thus, the entrepreneurial participation from different social strata is disproportionate as maximum participation is from among the members of business communities and artisan castes rather than from among the upper most two *varnas* and the 'untouchables'. Such a differential participation by social communities results in further strengthening of their social networks in economic activities, and it paves a way for their dominance.

Thirdly, Weber is of the view that Hinduism and Buddhism in India are non-conducive to economic development. The influence of religious ethics on human behaviour is not a new hypothesis. Milton Singer's study of Madras, on the Weberian pattern gives it a new turn. He observes that 'compartmentalization' between the

religious actions and entrepreneurial behaviour is like, two separate behavioural pattern, without inhibiting the process of entrepreneurship. Our effort is to analyse the above three dimensions - social structural, cultural and political, and their nexus with entrepreneurship.

Above all, my interest on entrepreneurship is also influenced by some personal reasons. As I often felt in my home town that people other than *Vaisyas* category are very much hesitant to enter into self-employed unit or industry. The causes of this hesitation is not yet clear but must be something other than capital scarcity. Because land owning caste and other castes invest their money in other way to get salaried routine or government jobs.

The dissertation is divided into four chapters besides the 'Introduction' and the 'Conclusion'. The first chapter is Entrepreneurship & Industrialization : A Global Phenomenon, in which the main argument is that industrialization is a global phenomenon and not simply an offshoot of industrial revolution in the western world. Apart from this, the term 'entrepreneur', its origin, meaning and changing connotations from the classical economists to the modern social theorists has been discussed. We have also discussed elaborately theoretical formulations of entrepreneurship.

In the second chapter on 'Dynamics of Entrepreneurship in India : History and Contemporaneity' a detail history of entrepreneurship, regional patterns of entrepreneurship, and social composition of entrepreneurs are discussed at length.

Third chapter focuses on 'State and Entrepreneurship in India', and discusses the relationship between the political conditions and economic activities, the nature of Indian state and the entrepreneurial policies in modern India. Besides this it also

includes the role of government regarding small-scale industries and entrepreneurial development programmes.

Fourth chapter is on 'Culture and Entrepreneurship' dealing with the linkages between religious ethic, value system and entrepreneurship. It also analyses the relationship between caste, community and lastly, it deals with the family patterns and entrepreneurial activities in India.

Thus, an attempt has been made to analyse and explore the relationship between entrepreneurship and socio-cultural variables, such as caste, community, religion, family structure, and political institutions. The dissertation is based on secondary sources.

CHAPTER - 1

ENTREPRENEURSHIP & INDUSTRIALIZATION:

A Global Phenomenon

INDUSTRIALIZATION : A GLOBAL PHENOMENON

Man's interest in industry is as old as human civilization itself. Starting from manufacturing small weapons like arrows ... to kill wild animals in primitive times man now produces the most sophisticated machines, tools and equipments to manufacture a large variety of goods and services for his consumption. Industry is one area of human activities which has benefited most from all scientific and technological innovations and development.

The history of technological innovations and development started long back before the Industrial Revolution. It is not a by-product of industrial revolution, which was basically confined to Western Europe. Before 18th century technological advancement was not confined to Western Europe only.

The important innovations and inventions have been the invention of the 'wheel' used for making pottery and simple carriers, the art of weaving clothes, the technique of settled agriculture etc. All these activities started initially in Asia, particularly in the western and south-east Asia and later on spread to Europe and other places.

Subsequently, in the area of metallurgy copper and bronze were traced in 5000 B.C., where as iron has discovered in 1400 B.C. in Asia Minor, this was considered as a major breakthrough in the process of technological development. Apart from this, paper-making and printing machines developed in China.

Therefore, industrialization is a process which was neither time bound nor place specific. However, the process was not uniform in all periods of history and fluctuated with higher or lower rate of change in the course of technological development.

Further, technology itself is not properly viewed as a kind of inanimate force but rather as a body of practical knowledge and skills. It is a social product having social consequences during the long history of human existence.

INDUSTRIALIZATION : CONCEPT & MEANING

Industrialization is a complex process comprising of a number of interrelated dimensions. Historically, it represents a transition from an economy based on agriculture to one in which manufacturing represents the principal means of subsistence. But the modern concept of industry is not only confined to the manufacturing sector, it encompasses many others the most important of which is agriculture. Since many underdeveloped areas are now predominantly agricultural, American sociologist W.E. Moore argued that industrialization in the sense of factory production of non-agricultural products is an improper model of economic growth for underdeveloped areas¹. So, industrialization includes mechanization of agricultural products and the ancillary services of transportation and communication, which are essential to the operation of a specialized and self sufficient economy.

R. Alan Hedley² explains five the following dimensions of industrialization for understanding the concept and measuring the level of industrialization:

1. Economic activity - labour force involved in manufacturing and industry.

¹ W.E. Moore, 'Social Change', New Delhi, Prentice Hall, 1963

² R. Alan Hedley, 'Narrowing the gap between the rich and the poor nations : A modest proposal', : Tansnational Perspectives', 11 (2-3)

2. Economic output - manufacturing and industry's contribution to Gross Development Products, employees economic position.
3. Organization - the organisational pattern of economic activities.
4. Mechanization - use of energy and power sources.
5. Technology and entrepreneurship - the methods and innovative practices employed to accomplish work.

ROLE OF INDUSTRIALIZATION

As far as the role played by industry is concerned most of the studies in this respect can be put under two categories: firstly, the studies focusing the positive side, and the other highlighting the critical points.

Many thinkers (Rostow, Lerner, Myrdal etc.)³ emphasized that industrialization led to economic growth and development. That is why the term industrialization is often used in a broader sense equivalent to any form of economic modernization. There is some justification for this loose usage, since there is sustained economic growth without extensive practice of manufacturing or use of products. Richard Ester⁴ examined in a comprehensive study of 124 countries, the relationship between national economic development and the 'capacity of nations to provide for the basic social and material needs of their populations'. He measured the national well-being in terms of education, health, status of women, economic and political participation, cultural diversities etc. His findings corroborate the statement of the above scholars.

³ W.W Rostow, 'The Process of Economic Growth : A Non-Communist Manifesto', Cambridge University Press, 1953; Gunnar Myrdal, Asian Drama-An Inquiry into the Poverty of Nations, London, Allenlane 1968; Denial Lerner, Passing of Traditional Society : Modernizing the Middle East, Glenoece, Press, 1958

⁴ Richard Estees, 'Trends in World Social Development the Social Progress of Nations, 1970-87', New York; Paeger, 1988

The second category of studies look at the role of industry from the Marxist perspective, which attaches primacy to the economic factor. According to this view industrialization, in a laissez-faire situation, creates socio-economic disorders in society. W.E. Moore⁵ sees impact of industry on kinship and family system. He argues that the industrialized economy clearly weakens or breaks up the multi-generational and laterally extended kin group. Apart from this, today's burning issue is concerned with the environmental impact of large scale industrialization.

Despite the above constraints, the essence of economic development consists essentially in the growth of industrialization. The small scale industries can be a suitable solution to minimize the constraints of industrialization, and can also be supportive of societies having large scale unemployment and untapped resources.

INDUSTRIALIZATION AND ENTREPRENEURSHIP

Entrepreneurship is the most important factor of industrialization which combines other factors: land, labour and capital. It combines in a new way the changing conditions, the innovative technical devices, products, organizations and markets.

Therefore, the role of entrepreneurship has been widely recognized as a potent factor in economic development by various social scientists (Schumpeter, Peter Killby)⁶. The concept of entrepreneurship is accompanied by various attributes like - innovation, organization building ability, gap filling function, input-completing etc. The persons with such quality of entrepreneurship can play a crucial role to initiate and sustain the process of industrialization.

⁵ W.E. Moore, *Impact of Industry*, Prentice Hall, New Delhi, 1965

⁶ J.A. Schumpeter, 'The Theory of Economic Development', New York, Oxford University Press, (1955); Peter Killby (ed), *Entrepreneurship and economic development*, The Free Press, New York, 1971

HISTORICITY OF ENTREPRENEURSHIP

The term 'entrepreneur' originated from French language long before its emergence as a functional and conceptual formulation. By the early sixteenth century, it referred to those involved in leading military expeditions. In the seventeenth century it was extended to cover the persons engaged in construction and fortification as contractors.

Only at the beginning of the eighteenth century one finds its application to commercial activities. It seems the essential functional concept has been a sort of adventurism of some kind or other⁷. In the mid-eighteenth century B.F. de Belidor and later on Richard Cantillon, an Irish man living in France, emphasized on the unique 'non-insurable risk' bearing function of the entrepreneur. Cantillon defines entrepreneurs as " who buy factor resources at certain prices with a view to sell their product at uncertain prices in the future⁸ ". Though the meaning of entrepreneur is not clearly expressed but he has distinguished between owner and entrepreneur.

Jean Baptise Says, an aristocratic industrialist, was probably the first person to distinguish between the function of the entrepreneur and that of the capitalist. Taking into the key element of risk involved, he broadened the term. According to him, "coordination, organization and supervision"⁹ were also entrepreneurial functions. He regarded the entrepreneur as "the most important agent of production, who provides continuing management and brings together factors of production".¹⁰ Along with

⁷ T.C. Cochran, 'Entrepreneurship' in David L. Shills, (ed.), International Encyclopaedia of Social Science, Vol-5, The Macmillan Company and the Press, 1968 (Pp. 87-97)

⁸ Richard Cantillon, 'Essai Sur La Nature Commerce en General' (1730), ed. and trans. by Henry Higgs, London, Frank Cass and Co., 1959 (Pp. 47-59)

^{9 & 10} J.B. Say, 'Catechism of Political Economy', London, Sherwood, 1815, (PP. 28 -29)

"Judgement, preserverence and knowledge of the world and that of the business, he insist that the entrepreneur, "must possess the art of supervision and administration".¹¹

In France, de Belidor, Cantillon and Says explained and emphasized on the function of entrepreneur. But the British economists till that time did not contribute in any appreciable manner to the conceptual and theoretical formulation on entrepreneurship. For them the individual, apart from his resource and initiative, had very little importance for such theorists.

Adam Smith considered that the sole motive of the capitalist employer was just to accumulate wealth by providing capital "for use by his worker".¹² Little difference was perceived between the terms 'profit' and 'interest' as these were used interchangeably. On the whole for Adam Smith the fundamental economic determinant of growth was the rate of capital formation. He did not bother to either analyse or emphasize the factors like risk bearing and coordinate components of business. He did not distinguish functions of the entrepreneurs from that of the capitalists while referring to three different orders of people, those who live by rent, those who live by wages and those who live by profits.¹³

Ricardo also emphasized the role of the rate of capital accumulation in the theory of economic development. The Ricardian system differs from that of Smith as it considers the economy not to be strictly dependent on the rate of investment for its expansion or decay. Became by manipulating socio-cultural variables and the needful technological improvements the developed state of the economy can be maintained.¹⁴

¹¹ J.B. Say, 'A Treatise on Political Economys', New Yark, Kelley, 1803, (PP. -295)

¹² Fritz Redlitch, 'Towards understanding an unfortunate legacy', Kyksos, XIX, 1966, (PP. 709- 716)

¹³ Adam Smith, 'An Enquiry into the Nature and courses of the Wealth of Nations' London, G. Bell & Sons, 1912, Vol-I (PP. - 262-264)

¹⁴ David Richardo : Principles of Politcal Economy and Taxation, London, J.M. Sent, 1933

J.S. Mill in his restatement of the classical theory attempted to separate the entrepreneurial function from that of capital. The payment for the former is the "residual-profit" and that of the latter is "interest".¹⁵

This attempt was shattered by Alfred Marshall who "re-affirmed the Smith-Ricardian tradition by creating profit as a single undifferentiated income flow".¹⁶ But Marshall distinguished between 'capitalist' and 'undertaker' (management). He says that undertakers do not follow the beaten track to increase their earnings by adopting new and improved methods of doing business which is later on imitated by his competitors reducing the profits. This bore the seeds of the idea of innovation which was not yet developed. May be it was an anticipation of Schumpeter's theory of innovation and economic development.¹⁷

The importance of entrepreneur was gradually recognized by the latter theorists such as Leon Walras who considered entrepreneur as the fourth factor of production who hires and coordinated land, labour, and capital.¹⁸

With refinement in formulation of economic theory there had been a tendency to relegate entrepreneurship to the packground with encreased importance of along with technology, education, institutional organizations, etc. Though the function of entrepreneur was gradually recognized and emphasized as a factor in production and exchange of goods in some quarters, it was all in a very static sense. The dynamic notion of entrepreneurship i.e. entrepreneurship as a force in itself for the expansion of the economy was not in vogue till Schumpeter put forth his theory of innovation and

¹⁵ Peter Killby : 'Hunting and heffalunp' in Peter Killby (ed) Entrepreneurship and Economic Development, New York, The Free Press, 1971

¹⁶ Ibid.

¹⁷ Alfred Marshall : 'Principles of Economics', London, Macmillan. (1890)

¹⁸ Walras Leaoon : 'Elements of Pure Economics or the Theory of Social Wealth', London, George Allen ad Union, 1954 (PP. - 222-223)

economic development.¹⁹ That is why his work is considered to be pathbreaking to provide a place of pride to entrepreneurship as a vital factor in production. He clearly distinguished the managerial activities of a business leader from his creative response.²⁰ This means that an entrepreneur need not necessarily be a person who invests money and he is not the person who manages day to day routine work, but he is the person who brings about the necessary changes by introducing the innovative elements that lead to the expansion of the business.²¹

Entrepreneurship is not a profession or a permanent occupation. An entrepreneur may come up from any economic base. The entrepreneurs do not constitute by themselves a class.²²

According to Schumpeter, innovation is not the same as invention. Innovation may be because of any one or a combination of the following:²³

- A. Introduction of a new production
- B. Adoption of a new technology
- C. Opening up of a new market
- D. Finding out of a new source of supply.
- E. Bringing about a new organization of an industry.

¹⁹ J.A. Schumpeter : "The Fundamental Phenomenon of Economics and Development" in peter killby (ed) Entrepreneurship and Economic Development, New York, The Free Press, 1971

²⁰ J.A. Schumpeter: : 'Business Cycles', Vol-I, New York, MCfraw Hill, 1939 (PP. 35-45)

²¹ I bid (PP. 98-102)

²² I bid (PP. 102-104)

²³ I bid (pag - 102)

MAJOR THEORETICAL FRAMEWORKS:

Sociology, Psychology and Economics, have contributed a lot to the theoretical formulation of entrepreneurship. We will describe only some important theories. Schumpeter, McClelland, Hagen and Kunkel have made a significant contribution to the psychological aspects of entrepreneurship, whereas Karl Marx, Max Weber, Cochran and Young have emphasized on the socio-cultural factors. However, the above classification on the basis of discipline is not watertight compartment. There are many common elements among these theorists of different disciplines, and so as differences among them.

For Marx, capitalism is a system of commodity production, in which most important factor is human labour power. Marx evaluates the value of an object, whether it is commodity or a non-material thing, in terms of human labour. This proposition of the labour theory of value, Marx borrows over from Adam Smith and Ricardo.²⁴ Apart from human labour, Marx also describes three other factors of production, i.e. land, capital and organization. He was very much aware of the role of organizer or entrepreneur in modern economic system. Marx considered labour, as 'abstract labour' if entrepreneur and capitalist were not same person. He further says that the size of 'abstract labour' is very small in proportion to labour power as a whole, and it would merge in 'proletariat' during the process of 'polarization'.

Marx considers economy as a 'basic-structure' which determines other aspects of society which he calls 'super-structure' value incorporating norms, law-religion etc. Weber's formulation stands somewhat opposite to it because values and religious beliefs of a society influence the process of economic development. The bulk of

²⁴ For an account of the development of the labour theory of value, see R.L. Meek; *Studies in Labour Theory of Value*, London, 1956

Weber's intellectual output presents a prolonged 'dialogue with the Marxian'²⁵ formulation.

According to Marx, profit of an enterprise is a part of surplus value created by labour. However, Schumpeter considers profit as a reward for innovations introduced by an entrepreneur who acts as a dynamic agent in the production process. Marx never used the term entrepreneur but gave importance to skilled-labour, training, and the amount of labour involved in it. But Marx also holds that capitalism tends to do away with skilled labour through progressive mechanization.²⁶

Schumpeter and Weber - The views of Max Weber and Joseph Schumpeter have much in common. Both the formulations have similarities in regard to variables causal sequences and interactions. Schumpeter's central vision of the process of economic development was influenced by Weber. In both theories energized entrepreneur appears in the traditional economy and sets in motion a revolutionary process of creative destruction. The key to competitive success for Weber's entrepreneur is his innovation in a thorough going rationalization of every aspect of his enterprise. In Schumpeterian formulation, the key is also innovation but of a much bolder sort, including changing the basic technological and demand parameters of the economy.

In the Weberian formulation, the driving entrepreneurial energies are generated by the adoption of exogenously supplied religious beliefs. A true entrepreneur as per this formulation generates signs of a favourable predestination, produces intensive exertion on occupational pursuits, and plans a systematic ordering of means to ends and accumulation of productive assets. These are for Weber the critical characteristics

²⁵ Albert Saiomon, 'German Sociology', in Georges Gurvitch and W.E. Moore (ed.) 'Twentieth Century Sociology', New York, 1945 (P. 596)

²⁶ Paul M. Saveezy, The Theory of Capitalist Development, New York, 1951, (Pp. 42-44)

of a successful entrepreneur. However, such attributes are also present among the supervisors and workmen who are led by the entrepreneur. In terms of the applicability this model to underdeveloped countries, the communitywide influence of the ethic, Weber's explanation has an advantage over other formulations.

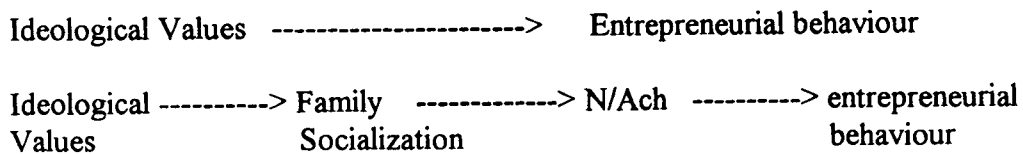
Schumpeter's entrepreneur is not a function of some social, cultural or religious variables. According to him, entrepreneur as an individual motivated by an atavistic will to power, which occurs randomly in any ethnically homogenous population. The main characteristics as listed by Schumpeter are : an institutional capacity to things, energy or will and mind to overcome fixed habits of thought, and capacity to withstand social opposition.²⁷

David McClelland has not only defined entrepreneurship but has also given a model of entrepreneurial development from psychological point of view in his work. According to McClelland, entrepreneurial growth can be explained in terms of need for achievement [n/Ach] which is a major determinant of industrial and economic growth. McClelland tried to answer a simple question as to why it is that some groups respond differently to similar conditions. He introduced the psychological concept [N/Ach] to account for the differences in response to similar conditions. The labouratory research²⁸ on 'N/Ach' conducted by him reveals that different achievement levels will lead to very different responses to situations and incentives which are extremely identical. Therefore, he suggested that motivation is an important variable which has to be taken into account into practice as well as in theory.

²⁷ J. A. Schumpeter, 'The Theory of Economic Development', New York, Oxford University Press, 1934 Pp. 85-89

²⁸ D.C. McClelland, 'The Achieving Society', New York, D. Van Nostrand Company, 1961 Pp. 44-46

Mc Clelland's theory is not independent of the earlier theories Peter Killby²⁹ writes that "Mc Clelland's theory can be seen as a development of Weber's Protestant ethic in which an intermediating psychological motive i.e. 'N/Ach' is introduced" Weber's causal sequence producing entrepreneurial behaviour is extended by Mc Clelland in the following manner :



McClelland, much like Hagen, attributes the inculcation of achievement orientation to child rearing practices which stress standards of excellence, maternal warmth, self-reliance training and low father dominance. He further states that the achievement motive is formed during middle childhood and the prime determinant in formulation of motive is the parent's religious world - view, and the two less important factors, which indirectly influence are :the father's occupation and living arrangements, i.e. the presence of slavery, polygamy and monogamy. Finally, McClelland concludes that there is a very high statistical association between 'N/Ach' and climate.

Robert Levine³⁰ studied Nigerian society and explored a very important factor determining the child-parent relationship. Levine says that socialization of children will be regulated by the type of status mobility system that prevails in that society. If society is hierarchical, as he illustrated 'Hausa', where upward mobility is attained through loyalty, obedience, sycophancy; there the parent subject their children to obedience, training, instructions by the use of flattery, and suppression of tendencies

²⁹ Peter Killby, 'Hunting and Heffalump' in Peter Killby (ed) Entrepreneurship and Economic Development, New York, The Free Press, 1971 (PP. 7)

³⁰ Robert Levine, 'Dreams and Deeds : Achievement Mativation in Nigeria', Chicago, Oxford University, 1966.

that might antagonize superiors. Because alternative explanations of need for achievement fantasy scores predict the same ordering. In this way Levine highlights the role of social structure rather than religious values in socialization of child.

John Kunkel³¹ also criticises McClelland's 'N/Ach'. According to him, there is no consensus among psychologists as to what constitutes motive, He says that N/Ach is "nothing more than an abstraction of concrete behaviour". Therefore, it would not be correct as the motive is measured by dreams and fantasy stories, and such an evidence is of a very different kind compared to concrete behaviour.

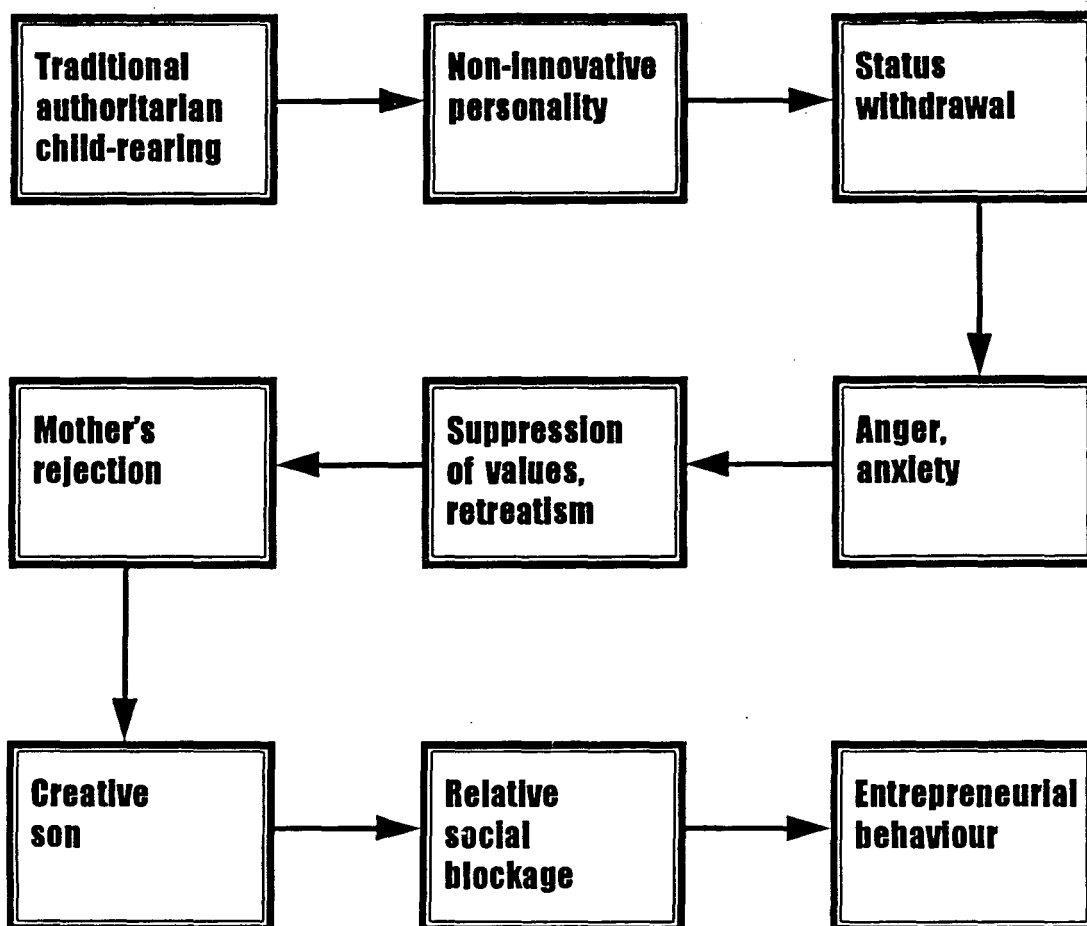
Everett Einar Hagen has also formulated a theory on psychological approach. But, unlike McClelland, his theory is based mostly on backward economic areas of Asia and Latin America. In the book - "On the Theory of Social Change : How Economic Growth Begins" (1962) Hagen has viewed economic development as a process of technological change. Despite being an economist he never stresses the spread of market, capital accumulation or any other macro-economic issues.

According to Hagen, authoritarian personalities are characterised by non-innovative behaviour, and only change in authoritarian personalities lead to economic growth. He further describes two types of external disturbances : status withdrawal and relative social blocked. These act as a psychological force which changes the authoritarian personality to a creative personality.

Peter Killby³² presents below in a diagram that how a sequence of changes occurs from traditional authoritarian behaviour to a creative entrepreneurial behaviour:

³¹ John H. Kunkel, 'Values and Behaviour in Economic Development' in Peter killby (ed.) Entrepreneurship and Economic Development, New York, The Free Press, 1971

³² Ibid (PP. - 8)



The above Hagenian analysis of change in behaviour and his theoretical construct based on certain case studies has prompted many critics to refer it as a speculative theory. Secondly, he fails to give policy measures for backward countries, unlike McClelland. As Hagen identified 'status -withdrawal' as a causal factor in emergence of creative personality, but status -withdrawal by force can not be applied to a democratic set-up.

Alexander Gerschenkron³³ in a review of Hagen's work³⁴ observes that the description of child rearing in Burma would serve equally well as it would be in case of the entrepreneurially advanced countries like Germany, Sweden, and Austria.

³³ Alexander Gerschenkron, Review of 'On the theory of social change : How Economic Growth Begins', in Economics, Feb 1965 (Pp. - 179)

³⁴ E.E. Hagen, 'On the Theory of Social Change: How Economic Growth Begins', Illinois, Homewood, 1962

John Kunkel³⁵ has put forth a behaviouristic model of entrepreneurship, following Sacinner and Homans. According to Kunkel, entrepreneurial behaviour is a function of the surrounding social structure, both past and present, and can be readily influenced by manipulable economic and social incentives.

It has been pointed out that entrepreneurs are not equally distributed in the population and minorities - religious, ethnic, migrated, displaced etc.; have provided most of the entrepreneurial talent. Bert F. Hoselitz writes; "culturally marginal groups promoting economic development i.e. the Jews and Greeks in medieval Europe, Chinese in southeast Asia, the Indians in East Africa"³⁶ belong to this group of people. But all the minorities are not an important source of entrepreneurship. Therefore, Kunkel argues that marginality does not guarantee entrepreneurship. There must be additional significant source at work.

John Kunkel³⁷ further explains that the industrial entrepreneurship depends upon the following four structures:

1. Limitation structure - The society limits specific activities to members of particular sub-cultures. This limitation structure affects all the members of a society.
2. Demand Structure - The limitation structure is basically social and cultural, but the demand structure is basically economic.
3. Opportunity structure - It includes infrastructure and resources.
4. Labour structure - It refers to wage-earners.

³⁵ J.H. Kunkel, 'Society and Economic Growth: A Behaviouristic Perspective of Social Change', 1970

³⁶ Hoselitz, 'A Sociological Approach to Economic Development' in D. Navak and R. Lekacharan (ed) Development and Society, 1964

³⁷ J.H. Kunkel, 'Society and Economic Growth: A Behaviouristic Perspective of Social Change, 1970 (Pp. 260 - 274)

Accordingly to Kunkel, the supply of entrepreneurs depends on the extent and existence of these four factors.

T.C. Cochran³⁸, following the Weberian and Parsonian approach, also provides sociological theory of entrepreneurship. According to Cochran, entrepreneurial behaviour is neither deviant nor super-normal behaviour, because the goal is set forth according to the value of a society. However, means differ. He further argues that model personality is influenced by three factors - his own attitudes towards his occupation; the role-expectation held by the sanctioning group; and the operational requirements of the job. Values of a Society are the most important determinant of the first two factors.

Cochran's theoretical construction certainly supports Weberian perspective, but his work is confined to Western countries - like the U.S.A., the U.K., and Argentina. Secondly, in his formulation nothing seems to be new. On the other hand, Weber has highlighted the value and role-expectation which creates problem in innovative action.

Frank W. Young³⁹ describes a macro sociological interpretation of entrepreneurial supply. Though he gives due emphasis to biographical studies of eminent individuals in business and industry, however in the history of entrepreneurship he considers entrepreneurship as a group level phenomenon. Like Cochran and others, he is of the opinion that "psychogenic" studies of entrepreneurship reveal superficial results. But he does not share Cochran's focus on values and societal phenomenon.

³⁸ T.C. Cochran, 'The Entrepreneur in Economic Change' in Peter Killby (ed) 'Entrepreneurship and Economic Development, New York, The Free Press, 1971

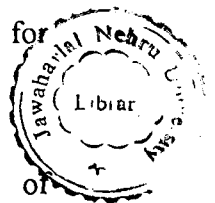
³⁹ F.W Young, 'A Macro-sociological Interpretation of Entrepreneurship' in Peter Killby (ed.) Entrepreneurship and Economic Development, New York, The Free Press, 1971

Young's formulation also reflects Hagen's influence, as he talks about reactive groups. According to him, a group would be reactive when two conditions coincide. These are : 1) when a group is experiencing low status recognition and denial of access to important social networks; and 2) when it possesses a greater range of institutional resources than other groups in society at the same system level. But he avoids Hagen's problematic assumptions about sequential changes in personality.

Young's theory provides no predictive mechanism to the direction in which the reactive group's energy is likely to be channelised.

Entrepreneur is a person who organises all the factors like labour, capital, mode of production to ensure etc., the organizational aspect in the centre of entrepreneurship. Amitai Etzioni⁴⁰ emphasises on the role of modern organizations, based on rational set of rules, in the process of entrepreneurship. Today, in large scale enterprises and managing agencies rational modern organizations play a vital role for smooth running of firm.

TH-7023



Lastly, we may conclude the above discussion on the formulations of entrepreneurship formulated by sociologists, psychologists, and economists. The central aim these theoretical constructions is to identify, to understand and to improve the process of entrepreneurship. For this, it is necessary to point out some important features and conditions of entrepreneurship.

Innovation : Schumpeter considers it as one of the most important functions of entrepreneurship. Weber talks of 'rational capitalism'⁴¹ in which a person has to go through rationalization of every aspect of enterprise. However, the source of these entrepreneurial energies is exogenous i.e. religious ethic in Weberian formulation,

⁴⁰ Amitai Etzioni, 'Modern Organizations', Prentice Hall, New Delhi, 1995

⁴¹ Weber explains four types of capitalism i.e. Pariah capitalism, traditional capitalism, booty capitalism and rational capitalism, last one is most developed and latest form of capitalism based on rationality

whereas Schumpeter talks of endogenous source of energies i.e. motivation. Later on many other thinkers consider the role of innovation such as Peter Killby.⁴²

Motivation - Following the Schumpeterian formulation, Hagen and McClelland have attributed the inculcation of motivation as a significant factor in entrepreneurship through socialization process. On the one side Hagen explains 'the status - withdrawal' as a motivational force resulting into change in socialization patterns and creative personality formation, on the other hand, McClelland includes both formal and informal sources of motivation i.e. the family socialization and the role of training institutes. Thus, Hagen combines the role of socio-cultural factors and motivation for entrepreneurship in a traditional authoritarian society.

Entrepreneurial climate- Here, climate includes all exogenous aspects of society surrounding entrepreneur and enterprise i.e. religious beliefs, social structure, state and its policies, resources - both capital and labour. Weber worked on the religious consideration. Later on K.W. Kapp also analysed the role of religion in India. John Kunkel's theory is closer to this view point. He describes all social structures except religion in the process of entrepreneurial supply. K.L. Sharma in a comparative study of Punjab and Uttar Pradesh highlights the difference in entrepreneurial climate explaining a slow rate of entrepreneurship in U.P.⁴³

Group Level Phenomenon - Many thinkers consider entrepreneurship as a group level phenomena rather than an activity at individual level, particularly in developing countries. D.R. Gadgil observes that the history of business in India has been the history of certain groups. Timberg also quotes James Tod to indicate that he had

⁴² Peter Kitby, 'Hunting and Heffalump' in 'Entrepreneurship and Economic Development (ed.) by Peter kilby, 1971

⁴³ K.L. Sharma, 'Etnrepreneurial Growth and Industrial Development programmes in Punjab and U.P. : A comparative study of small entropreneurs', Ludhiana, Punjab Agriculture Universsity, 1976.

identified 128 merchant castes in Rajasthan. F.W. Young says that instead of individuals, one must find clusters which may qualify as entrepreneurial groups.

Apart from these views, Liebenstein Considers entrepreneur as 'input - competing and gap - filling' effort in enterprise. Hoselitz explains managerial skills as the basis of entrepreneurial leadership.

CHAPTER - 2

DYNAMICS OF ENTREPRENEURSHIP IN INDIA: History and Contemporaneity

This chapter highlights the entrepreneurial phenomenon in Indian society. The nature of entrepreneurship changes with time and place. For this purpose, the chapter is divided into three sections as follows:-

- I. Historicity of Indian entrepreneurship
- II. Regional variations and entrepreneurship
- III. Social composition of entrepreneurial communities.

HISTORICITY OF INDIAN ENTREPRENEURSHIP

An understanding of entrepreneurial history in a given society is possible only through the structure of that society. The economic activities and social values are embedded in each other-especially in South Asian countries. Here I have divided Indian entrepreneurial history into three phases :-

- i) The Pre-British Period
- ii) The Colonial Period
- iii) The Post-independence period

In the Pre-British period village community was the basic local economic unit of Indian life. The people of village community consisted of agriculturists, artisans, menials and the village officials - like members of panchayat, Mukhia (village chief), tax collectors etc. Towns developed as pilgrimage sites Gaya, Puri; like seats of

administration such as Delhi, Lahore, Poona; and as business centres - Bangalore, Mirzapur, Hublie, etc. However, the number of towns and their population was very limited before the British period towns were no doubt bigger than the villages, but major differences between them were in terms of occupational structure, which was much more diverse and differentiated in the case of towns.

The village community was based on simple division of labour. The production was primarily for the consumption of the village population rather than for market. The village community was to a large extent self-sufficient due to various reasons, like, limited basic needs which could be fulfilled within the village; limited means of transportation and communication. Sir Charles Metcalf considered village community as a close and isolated system. He writes - "The village communities are little republics, having nearly everything they want within themselves and almost independent of foreign relations."

Contrary to this many Indian sociologists and anthropologists; such as, M.N. Srinivas, S.C. Dube conducted studies on village communities in term of their extension and networks with in the wider society. S.C. Dube¹ argued that at least in some respects outside relations existed, for example - common salt, bangles etc. were also not locally manufactured everywhere. Apart from this, there was inter-village trade through periodic markets, migration, regional fairs, pilgrimages etc. Brides often come from other villages. So, the village people were dependent in many respects on other villages, and towns. Mandelbaum writes - "A village is not a nearly separable social and conceptual package but it is nonetheless a fundamental social unit".²

¹ S.C. Dube, 'Indian Society, National Book Trust, 1990, PP. - 84-85

² D.G. Mandelbaum, Society in India, Popular Prakashan, Bombay, 1972

In urban areas each craft was organized into guilds, which looked after the welfare and also the quality of the work of the members. But in villages the artisans had no exclusive organization of their own. In all the handicrafts, each independent craftsman was not a big capitalist. He had to look upon some other agency for financing his manufacturing activity or even upon his customers by way of advancing money to facilitate the purchases of raw-material. The salient feature of the entrepreneurship of this period can be identified as follows:-

- 1) The Indian entrepreneurship in this period was markedly affected by the caste-based occupational system.
- 2) The required skills for manufacturing were inherited from the forefathers. The father's place was the training ground for the new generation.
- 3) The entrepreneurial activity in most of the cases was confined to manufacturing only and the mercantile class used to be the caretaker for all other managerial problems; such as the supply of raw materials, sales and financing. Therefore, the craftsmen were relieved of their managerial problems and, in turn, this helped them in concentrating on their production activity.
- 4) There was no formal organization of the manufacturing units. Family members and other relatives were working with the chief craftsman not merely for money or wages also but for the sake of the family bonds.
- 5) Production used to be generally on orders, specifications and not in anticipation of demand. The merchants help in a collecting orders was necessary.

The above mentioned features do not show absence of industry especially if we see it with reference to western estate system. But there was a popular belief, among

orientalists - Henry Maine, W.H. Baden Powel, L.S.S. O' Mallery etc. - that India had never been an industrial country.

In this regard perhaps the most developed Indian cottage industries were ignored. D.R. Gadgil says - 'It is true that agriculture was dominant occupation of people but the products of Indian industries enjoyed a world wide reputation.'³ The Muslim of Dacca, the calicos of Bengal, the sarees of Banaras and other cotton fabrics were known to the foreigners. Egyptian mummies dating back to 2000 BC were wrapped in Indian Muslim. Similarly, the Muslim of Dacca was known to the Greeks under the name *gangetika*. The chief industry spread over the whole country were textile, handicrafts etc. The high artistic skill of the Indian artisms can be visualized from the account given by T.N. Mukerjee - "A piece of the Muslim twenty yards long and one yard wide could be made to pass through a finger ring and required six months to manufacture"⁴. Besides the Muslim, the textile handicrafts included *chintzes* of Lucknow, *dhoties* and *dopattas* of Ahmedabad, silk-bordered cloth of Nagpur and Murshidabad. In addition to cotton fabrics, the *shawls* of Kashmir, Amritsar and Ludhiana.

Not only that India was also quite well known for her artistic industries like marble-work, stone-carving, jewellery, brassware, copper and metal wares, wood carving etc. The cast iron pillar near Delhi is testament to the high level of metallurgy that existed in India. These Indian industries not only supplied all local requirement but also enabled India to export its finished products to foreign countries. Europe was the customer of Indian manufactures during 17th and 18th centuries.

THE COLONIAL PERIOD

³ D.R. Gadgil, 'The Industrial Evolution of India in Recent Times: 1860-1939', Delhi, Oxford University Press, 1971

⁴ Ibid, Pp. - 34

The European commercial activities in India started in the 17th century, like those by East India Company, and established factories in Surat (1608), Machchlipattam (1611), Orrisa (1633), Hugli (1651) In 1615, Sir Tomas Roe got the permission for trading in all parts of Mughal Kingdom. But these activities did not change occupational class-structure of Indian society; however they did help in changing the methods of trading. Upto this stage, Indian industry was basically a cottage industry in the form of small sector and had an ascending trend. During this period, groupings of Indian marchants emerged as joint stock associations for the purpose of managing the supply of textile to the European companies, which was indeed an important Development⁵. The balance of trade remained in favour of India during early eighteenth century. The British government revised its policies and custom regulations twice between 1700 and 1720 to discourage the demand for Indian textile goods in Britain, so at the end of 18th century Indian industry had declined for all such reasons. D.R. Gadgil gives three important reason - firstly, the disappearance of Indian courts; secondly, the establishment of alien rule with the influx of the many foreign influences; and lastly, the competition from highly developed form of European industry.

A disappointing feature of the 17th and 18th centuries of entrepreneurial history was the occupational immobility. The beginning of European commercial enterprises in India did not disturb to any substantial degree the occupational basis of Indian society; nor did it effect any qualitative change in the activities of commercial classes. As a result of this, a large proportion of gains went to the mercantile classes. The weavers used to manufacture the textile goods in which the European were mainly

⁵ S. Avasorathan, 'Indian Merchants and their trading methods (Circa 1700)', in *The Indian Economic and Social History Review*, Vol-III, No. - 1, March 1966, Pp.-85

interested. They were too poor to finance their operations and depended on the mercantile communities for the capital. The mercantile communities advanced funds under a system of contract, which precluded any marginal profit accruing to the manufacturers. These communities used their gains to finance their traditional activities viz. - trade and money lending.

The beginning of the modern factory system in India can be located in the 1850's, though isolated attempts to setup factories in India were made earlier, at least a quarter century before. In 1805 Thomas Parry purchased a tannery in south India.⁶ In 1830 an attempt was made to set up an iron plant in southeast India. At the same time paper factory was established in eastern India. These new form of industries introduced in India at this time were mainly in two forms, as D.R. Gadgil writes ; first was the plantations, like - tea coffee, jute, indigo, and the other was the factory based industry like, textile and jute etc.

From the beginning the plantation industry was purely European when it was introduced in India. It has been observed that an enormous growth of these plantation industries took place during the years 1860-70, as evident by growth of the tea, coffee and jute industries. The indigo industry was an exception to the above and it had been grown in India in ancient times also, chiefly in Gujarat and western India⁷. But indigo plantation was facilitated by Europeans for their own interest. So, by 1850's, indigo became one of the most important exports from India. The plantation industries demanded armies of manual labourers who could move from one part to other part. However, this type of labours mobility among the labourers was on temporary basis.

⁶ Hilton Brown, 'Parry's Madras - A study of British Enterprise in India', Madras, 1954, Pp. 27-28
⁷ D.R. Gadgil, op. cit.

The factory industry destroyed the cottage and handicraft industries during the 19th century almost everywhere in India. In 1850's it the process first visited two textile industries - cotton and jute, to be followed by other industries like tea, coal and paper. One significant aspect of this development was the association of Indian enterprise with Europeans. Leaders like, Ranchod Lal and other Indian entrepreneurs established first cotton mill in 1859. Similarly second mill was established by Rao Bahadur in 1867 at Ahmedabad, first jute mill started operating in 1855.

The second vital aspect of the 19th century factory system was 'imitative entrepreneurship' rather than 'innovative entrepreneurship'⁸. The early entrepreneur showed characteristics which were to be exhibited on a much large scale later when the industrial process broadened out. Many of them started their careers at an early age, often as traders. In setting up industries, they had to face unusual problems. Among others, almost all skilled workers were to be imported and the gathering of unskilled workmen was an arduous and time-consuming process. They showed considerable acumen in arranging the financial set up of the enterprises established by them and were willing not only to import known techniques but to try out what could be regarded as innovations in the west. Many of them had wide social interests and devoted a considerable part of their energy and resources to philanthropy.

The most prominent of these early entrepreneurs was Jamsetji N. Tata. He had been associated with three cotton textile mills, made an unsuccessful attempt to start shipping industry, the planing of an iron and steel company, and also the first hydro-electric system in India, near Bombay⁹. Jamsetji was called as innovative entrepreneur and not imitative entrepreneur, because he always tried innovations i.e. when he

⁸ P.B. Medhora, 'Entrepreneurship in India', in Political Science Quarterly, Vol-LXXX, No. - 4, 1965

⁹ Harris Frank, 'Jamsetji Nusserwanji Tata - A Chronicle of His Life', London, Oxford University Press, 1925

introduced ring spinning in his central India mills in 1883, when Lancashire was hesitant about it. As for the concerns of western entrepreneurs for carrying out their ventures in India, it is very important point that Britishers had minute took a great interest in those industries which were meant for domestic consumption. The engaged mainly in those industries which supported Britain's interest like; development of railways, introducing plantation industry. Secondly, in these industries they had no competition with Indian entrepreneurs. Thirdly, they also had experience of running these industries at home. Fourthly, British enterprise received maximum state support.

The new wave of entrepreneurs consisted mostly of financiers and 1930's saw the emergence of Marwari community as industrial entrepreneurs in eastern India¹⁰. In the early 20th century, some small beginnings were made in the Indian heavy industries - steel, engineering, electric power shipping, cement etc.¹¹. The rate of growth in industrial output increased in the first half of the 20th century from that of last half of 19th century. Between 1912 and 1945 industrial production had doubled. Following World War-I, the colonial government moved slightly in the direction of encouraging local industries. Industrial development was rapid and diverse in the 1930's and 1940's with indigenous enterprise increasingly setting the pace.

Review of Indian entrepreneurship under British rule could not be complete without making a mention of the managing agency system. It can be traced back to 1836, when Carr, Tagore & company promoted and assured the management of Calcutta Steam Tug Association¹². The credit for the initiation of this system goes to an Indian Dwarkanath Tagore, who for his personal reasons encouraged others to form

¹⁰ T.A. Timberg, 'The Marwaris : From Traders to Industrialists', New Delhi, Vikash Publishing House Pvt. Ltd., 1978

¹¹ H.B. Lamb, 'The Rise of Indian Business Communities', Pacific Affairs, XXIII, No. - 2, June, 1955, Pp.-105

¹² B.B. Kling, 'The Origin of Managing Agency System in India', The Journal of Asian Studies, Vol. - XXVI, No. 1, Nov. 1966

joint stock companies and invented a unique method of management. The eastern India's industrial activity was markedly affected by the presence of European managing agency houses. Most of the British managing agency houses in eastern India started as financiers but they continued as financiers even after getting a stronghold in industry. Without going into the merits of this form of business organization, the fact remains that they were important entrepreneurs for that period, particularly in eastern India. One may not agree completely with Brimmers view that the managing agency system was an effort to overcome the limitations imposed by the shortage of venture capital and business ability in India.¹³

ENTREPRENEURIAL PATTERN SINCE INDEPENDENCE

After independence the process of entrepreneurship was given importance by state planning and establishment of heavy industries in different parts of the country. State management of these industries laid three fold emphases: firstly, to increase per-capita income and GNP; secondly, to minimize sectoral and disparity; and thirdly, to spread entrepreneurship to a large number of industrially potential people of varied social strata.

The first two Five-Year Plans achieved the first two objectives to some extent, even though nothing significant was done with regard to the third objective. As a result, socio-economic inequalities widened rather than being narrowed down. However, the third Five Year Plan and the subsequent programmes showed few positive results. For example, cottage and small-scale industries were provided more outlays, incentives and institutional support. Apart from that, many entrepreneurial

¹³ A.F. Brimmer, 'The setting of Entrepreneurship in India'. Quarterly Journal of Economics, Vol - LXX, No. - 4, Nov. 1955, Pp.- 555

development programmes (EDPs) were organized by various institutions, such as Small Scale Industries Corporations, Financial Corporation, Small Scale Service Institute etc.

II - REGIONAL PATTERNS OF ENTREPRENEURSHIP

Entrepreneurial activity has not developed uniformly in all parts of the country. Different regions have had their own experience and history. Certain regions have been characteristically marked by greater development of industrial activity than others, such as Ujjain and Bharoch in Western part in ancient time, Surat in Mughal period; Hubli, Calicut and Machchal; Pattonom in British period.

For viewing the relative regional development of trade, commerce and industrial conditions in India, we have classified India into western, eastern, southern, northern and central zones.

WESTERN ZONE includes the present Gujarat, Rajasthan and Maharastra. This region had perhaps maximum exposure to trade and industry through location of port in Gujarat and natural harbour. In Gujarat and Saurashtra, trading communities of both, Hindu and Muslim, apart from trading in their own regions, participated very actively in the maritime trade extending both forwards the west, with the Persian Gulf, Arabia, Africa and towards the south and south-east along the coast of India to Malaya, Indonesia etc. These communities had important in trade-links with Malabar before the advent of Europeans and also they played an important part in trade with south east Asia. The conversion of Indonesia to Islam is attributed to Muslim traders from Gujarat.¹⁴ Though the Gujarati communities do not appear to be important in

¹⁴ D.R. Gadgil, 'Origins of the Modern Indian Business Communities - An Interim Report', New York, Indian Pacific Relations, 1959

trading on the coromandel coast, they are noticeable prominently in the trade of raw cotton, raw silk and cotton and silk piece goods of Bengal and Bihar.

The trading communities of Malabar participated with those of Gujarat trading in the in south-east Asia including Burma. The Chettis of Tamilnadu and Andhra Komatis apparently took some share in the Burma and Malaya trade.

THE EASTERN ZONE consists of west Bengal, Orissa, Bihar and north-eastern regions. It is very different region in comparison with other regions, due to its wide socio-cultural variations. The development of plantation industries in this region was maximum like - tea, coffee, jute, Indigo. Before the British rule, this region was very much developed in cottage industries in cotton wearing, carpentry works, handicraft industries. But there was lack of financing agencies. That's why this regions attracted Marwari business community, who were initially and mainly involved in money lending business. Secondly, since plantation as industry was developed by Europeans, major profits went outside the country, and local people worked only as labourers. Later on, cottage industries and handicrafts were destroyed due to British policies.

In the SOUTH INDIA, the Khomatis of Andhra Pradesh, Chettis of Tamilnadu were most prominent trading communities¹⁵. They paraded the whole of their region actively and were also found operating in the neighboring areas. In Karantaka, the most prominent traders were Buanjigars. On the Kerala coast there was a lack of any important indigenious Hindu castes, who were engaged in trading. Moplas, who were Muslim of mixed Arab and local descent, were important in trading especially in the

¹⁵ R. Mahadevan, 'Pattern of Enterprises of Immigrant Entrepreneur: A Study of Chettiars in Malaya 1880-1930; Economic and Political Weekly, Vol-13, No. 4-5, 1978

internal trade. To some extent, the local Syrian Christian who had been encouraged by the Portugese engaged in trading activities also.

A bulk of population of rural areas of NORTH-WEST had by 1750's become Muslim , Hindu were mainly in town and controlled trade and finance business even in the rural areas¹⁶. A significant factor behind this was that caste division were not rigidly observed here : the absenced of rigid Khattris of Punjabi-Hindu community engaged well notably in trading activities not only in Punjab but also in Afghanistan and Central Asia etc.¹⁷. Apart from that Ramgharia, traditionally an artisan caste, emerged as a important business community.

Historically, parts of Uttar Pradesh, M.P. and some part of Bihar. were confronted with peculiar situation and it does not seem possible to identify and dominant trading communities in this area. However, it would appear that in 1750's, the main trading communities in Bihar, U.P. were emigrant Banias from Rajasthan and Haryana- like Marwari, Agarwal, Oswal, Meshris etc.¹⁸ They moved as traders and later on involved themselves in financing and money-lending business. In late 19th century, they entered in industries like - cotton, sugar, cement etc.

III - ENTREPRENEURIAL COMMUNITIES

Who are entrepreneurs? Schumpeter defines that a person involved in innovative activities is an entrepreneur. The introduction of new products in the market; new production technology; search of new markets new source of supply and new organization in industry are such new activities. But in the Indian society, it is not

¹⁶ D.R. Gadgil, 'Origions of the Modern India Business Communities - An Interim Report', New York, Indian Pacific Relations, 1959, P.P - 16-18

¹⁷ L.W. Hziehurst, 'Caste and Merchant Communties', in Milton Singer & B.S. Cohen (ed.), Structure and Change in Indian Society, Chicago, Adline Publishing House, 1968

¹⁸ D.R. Gadgil, op. cit.

an easy task to identify social groups involved in entrepreneurial activities, because it has been observed and repeatedly pointed out by the social scientists that entrepreneurs are not equally distributed in the population. Indeed, some groups of population in a society always supply more and better-quality entrepreneurs than others.

In India, we found that two section of society had supplied maximum entrepreneurs, first - the social groups involved in cottage industries i.e. artisans, like Ramgarta, Mahisya, etc., and secondly - certain business communities like - Marwari, Jain, Paresis, Chettior, Moplas, Komatis, etc. We also find many other emerging social group who belong to traditional bania community like Khatri and Ramgharia of Punjab, Kamatis of Andhras, etc. Now, I would like to analyse the major features of above successful entrepreneurial social groups, which facilitate or hinder the process of entrepreneurship.

MARWARIS

The Marwaris constitute one of the major groups of businessmen in the Indian history. They are said to have controlled 60% of the assets in the Indian industries¹⁹. Since they come from Shekhavati regions, the old state of Marwar (Now Rajasthan), they have been called Marwaris. The term Marwari is used to refer to emigrant businessmen from the vicinity of Rajasthan. Some of the Marwari social groups which migrated to other parts of India are - Maheshwari, Oswal, Khandelwal, Porwal, Rungto, Khetan, Bajaj etc.

The success of Marwari community may be attributed to a number of factors. They had a system of joint family which took care of the family dependents like wives

¹⁹ T.A. Timberg, op. cit.

and children, when the male members went out for trading. It was also a source of capital. The migrant Marwaris settled in *basas* (the collective mess), which were run by great firms or on co-operative basis in the big towns outside Marwar. Sometimes the *basas* also provided free-boarding to the newcomers. The collective messes were also in practice like in the case of Muslim trading community, the Memmons, in India and Pakistan.²⁰

Communal credit networks further enabled trading operations of Marwaris. In Banaras, the Marwari cloth traders had a system known as SAFARI firms borrowed cash from each other whenever they were short of it. Loans were payable on demand even at midnight and interest was tallied and settled once a year with total borrowing by total lending²¹. Community banks helped by providing accommodation for goods in transit and remittance facilities - communal customs provided apprenticeship to the youngsters. They learnt the techniques of business and profit sharing scheme so that they could accommodate enough capital to start their own enterprises. They also had a sort of inter-communal legal institutions for settling commercial disputes.

The Marwari communities had to face various challenges in the last hundred and fifty years before they achieved complete success in industry. The first stage of the rise of Marwaris was their migration to Calcutta and other places outside Rajasthan. In eastern India, massive Marwari migration date back from 1860. By 1911 the Marwari population in Calcutta was 15,000 and that in Bihar, Orissa, Bengal and Assam was 75,000.²² In the beginning, Marwaris started setting up cotton mills in such inland areas where they had no competition with either the British, Gujarati or

²⁰ H. Papanek, 'Pakistan's New Industrialists and Businessmen : Focus on the Memmons' in M. Singer (ed.) 'Entrepreneurship and Modernization of Occupational Cultures in South Asia', New York, Duke University Press, 1973

²¹ A.R. Cohen, 'Attitude Change and Social Influence', New York, Basic Books, 1964

²² T.A. Timberg, *op. cit.*

Parsi entrepreneurs. Even in an inland city like Kanpur, the Marwari businessman entered the industry around 1910²³. But, they were able to dominate the Kanpur industry by purchasing majority of the shares only after independence, when Britishers left India. It was after the first world war that they expanded their industrial activities and dominated the cotton, jute, sugar and oil mills. The process by which they were able to become successful industrial entrepreneur was that, at first, they became prominent local money-lenders and merchants. By this, they accumulated capital in trade and became successful exporters. However, their entry into industry was rather late.

The Calcutta census of 1921 states that the Marwari males of the period were literate and at par with elite classes of Bengal. But their level of English literacy was lower than the medium ranking Bengalis and their female literacy rate was nil. This delayed their entry into industry.

The Marwari community was awakened by social reforms, abolition of untouchability and the national movement. Since a large number of social practices which were repugnant and social evils were prevalent among the Marwari community, the main aim of reform was to remove those evil practices. They attacked structural elements like, 'purdah'-system, expensive customary funeral feasts, and prejudice against foreign travels etc. which had hindered their commercial activities in many ways. They also made attempts to abolish the caste system by promoting marriages first between Marwari and non-Marwari Agarwals and finally among other castes which helped them enlarge their business networks. To raise the educational level of the community, they started many schools in the year 1908. Over the period since

²³ K.N. Sharma, 'Resources Network and Resource Groups in the Social Structure', *Eastern Anthropologist*, XXII, Jan. - April, 1969, Pp. 13-28

independence, the Marwari community has continued to go through radical reforms and transformations - both in terms of literacy and educational level.

Although most of the Marwari firms are still 'familial' and traditional, yet they have been adopting modern management techniques. Their young executives are now graduates and post-graduates in business administration and engineering programs. The managers for sale and production are now professional and can easily move from firm to firm. Even the traditional firms have been able to engage in highly sophisticated enterprises by a careful use of traditional ties and accounting procedures. They have also been providing training to their relatives and community-fellows in order to keep trustworthy employees. The Marwaris have attained and retained their position of accumulating capital for several reasons. They did not believe in sinking too much of their capital in land but preferred more risky and profitable pursuits. Their psychological and ideological attitudes of profitable investment were encouraged by their specialization in trade and also by the presence of trading opportunities. Moreover, they also have had easy access to credit, information and manpower through their organizations and family networks.

PARSIS

The Parsis are a small community. They first came to India in the eighth century A.D. from Persia for seeking refuge from persecution. Here, we will trace the growth of this community from the year 1750. They emerged as a comprador capitalist class right from its origin²⁴. The period from the revolutionary and Napoleonic war (1793-1815) to the opium war (1839-42) saw the unprecedented

²⁴ A. Guha, 'Parsi Seths As Entrepreneur', Economic and Political Weekly, Vol- I, No. 35, 29 Aug. 1970.

growth in the Parsis trading capital out of the profits made from raw cotton and opium exports. Among all the merchant groups, the Parsis were the quickest to adjust themselves to the changed political circumstances. However, as compared to the Bania, Khoja, Bhatia and Gujarati castes, they were rather late-entrants in banking and trading occupations because they were not too urbanized. A large number of Parsis became urbanized by 1850 through the pull and push factors²⁵. Their population in Bombay rose from 3000 in 1780 to 29000 in 1850. The 1881 enumeration reveals that 70% of their population was either in city or town like - Bharoch, Surat, Bombay etc.

During the year 1750 and 1850, the Parsi community was undergoing a process of social and economic change. They first entered into trade and then in manufacturing. By 1850 they started investing capital in industries. The first cotton mill by a Parsi was started in the year 1860. Although by the 18th century, Parsis had become a viable community, yet they were unable to emerge as independent capitalists because of the constraints of the colonial power. The Parsis were known for their expert ship-building skills since the 17th century. The Bombay dockyard helped the Parsis in changing their outlook from mercantile to industrial enterprise. Ships were built on European pattern by adopting some of their techniques but at the same time some bad features still existed which put the Indian ships at a disadvantage. Thus the growth of the Parsi ship-building industry during the first half of the 19th century was not in a vacuum. It had congenial environment and even a sound financial basis was built up without which no industry can make advancement. But in spite of that, the ship-industry led by the Parsis failed to make a headway for various reasons-one of them being the constraint of colonialism.

²⁵ -----'Comprador Role of Parsi Seths 1750-1850', Economic and Political Weekly, Vol. - 5, No. 48, 28 Nov. 1970

After that period, the Parsis collaborated with British agency as brokers, junior-partners or both. But the relationship was never smooth between Parsis and Europeans. The Parsis seths were considered as second class citizens viz.-a-viz. their European commercial rival. They were not given membership to chamber of commerce established in 1834. There was discrimination even in the realm of justice.

But inspite of all this, Parsis community has kept ahead of other communities who had a much longer experience of trade and banking and who equally shared the advantages and disadvantages of a common habitat and environment. It may be said that the most important factor responsible for this was their freedom from the rigidities of caste society. By this factor alone and through their contacts with the British traders and administrators, they were able to benefit from the process of westernization.

The Parsis also constituted a close caste-group. It was endogamous with a Panchayat at its head, which used to recommend a puritan code of social ceremonies, according to which feasts on certain ceremonial occasions were totally prohibited. However, the Panchayat failed to influence the community. Unlike the Marwari and Bania, Parsis never adhered to austerity and parsimony as defined by their community. Hence the Parsis ascendancy and success in business was caused by a number of factors. They shared with the Gujarati trading community the advantage of belonging to the economically most advanced region of India, i.e. Gujarat. Secondly, they had greater occupational mobility than other communities and ventured in and monopolized brewing and sale of liquor against which the other communities were prejudiced.

CHETTIARS

Chettys or Chettiars in Tamilnadu and Andhra Pradesh are also identified as entrepreneur belonging to traditional business community. They were also like other north Indian traditional business communities involved in money lending and trading. Chettiars are subdivided into ten major group and all are not equally successful entrepreneur but they are all endogamous groups²⁶. Among them, Nathukkottai Chettiars of Tamil region and Komati Chettiar from Andhra were most successful entrepreneur. The Nattukkottair were putting their capital in ever-greater amounts in Ceylon (Srilanka), Burma (Myanmar), Malaya (Malaysia) and other south-east region. Beyond Madras, their capitals was far greater than their domestic investments, as (Table No. 2.1) shows:

Table No. 2.1 : Estimates of total working capital of Chettiars

Country	Amount (in crores)
Burma	75
Malay States	25
Ceylon	14
Cochin China	14
Madras	1

Source - Quoted from R.K. Ray, 'The Bazar: Indigenous Sector of Indian Economy' in D. Tripathi (ed.) Business communities in India, Ahmedabad, 1984.

In Rangoon, the Nattukkottai Chettiar were the dominant business group and their operation was leading most among the combined operations of other Indian banking groups. Their business in Malaya peninsula was the second largest component in their international operation. It was mainly concerned with loans to the native Malaysians, in which two third of their capital was invested in agricultural loans.

²⁶ R. Mahadevan, 'Entrepreneurship and Business Communities in Colonial Madras, 1980-1929: Some Observations', in D. Tripathi (ed.) Business Communities in India, Ahmedabad, Manohar Publication, 1984

So, Chettiars were leading in traditional banking business not modern industry up to 1930's and 1940's. Because they entered into Modern industries from late nineteenth century that's why they saw the emergence of a large section of non-commercial ethnic groups and communities in south Indian entrepreneurial activities like, Naidu and Kammas of Coimbatore region, the Tamil Brahmins, the Vellals and the Nadars.

Barnett studied the Kontaikatti Velalars (KVs) near Madras region and observed the obstructive role of caste culture in entrepreneurship.²⁷ In spite of economic stress and availability of opportunities to enter business, the KVs chose to continue as peasants with status which is dominant in caste hierarchy in the region.

RAMGHARIAS

There is some evidence to indicate that some lower caste groups with no legacy of enterprise did make successful effort to improve their lot and rise in the social hierarchy. Satish Saberwal has explained the development of entrepreneurship among Ramgharia in Punjab²⁸. Similarly Owen's describes about Mahisya in Howrah district²⁹. Ramgharias trace their name back to the time of the slackening of the Mughul period and arrival of Ranjit Singh in Lahore (1799). During Ranjit Singh's time, high standards and rewards were given to the artisans of various categories. This enabled the Punjabi Lahore and Tarkhans (carpenters) to achieve superior technological base as compared to others in the country. During British rule, these skills were harnessed to new purposes - such as making high quality furnitures and

²⁷ S.A. Burnett, 'The Process of Withdrawal in South Indian Caste' in 'Entrepreneurship and Modernization of Occupational Cultures in South Asia' (ed.) by M. Singer, 1973

²⁸ Satish Saberwal, 'Mobile Men : Limits to Social Change in Urban Panjab', New Delhi, Vikash Publishing House, 1976

²⁹ R.L.Owens & A. Nandy, 'New Vaisyas', New Delhi, Allied Publications, 1977

metal work for the Britishers. The political system prevailing at that time gave greater importance and recognition to their skills. Thus by 1930's, the term Ramgharias came into general use.³⁰

K.L. Sharma describes that Ramgharias involved mainly in agricultural farm implements and the steel re-rolling industries in Punjab. Some of them were also found in the cycle and sports industries. Sharma gave analysis of a sample of 45 Ramgharias industrialists and their involvement : 41.5% in steel re-rolling industries, 18% in cycle and 3.1% in sports goods industries.³¹ So, Ramgharias dominated in agricultural implements because of their traditional work background as carpenters and blacksmiths. When they were uprooted from their traditional occupation, they took to the manufacture of new farm implements. Similarly in steel re-rolling industries family background played an important role in their entry into changing situations as they were already engaged in similar business.

Second factor which also forced them was the fact that, they are considered as non-agricultural caste - Tarkhan (carpenter) and *lohar* were, therefore prevented from investing their capital in land. The denial of social recognition had created status dissonance among them which caused their mobility from Punjab to other countries and other parts of India where their familial status were given greater importance³². The growth of Simla, the new canal system in the west Punjab, and experience of the railways provided them with fresh opportunities to rise, from the role of artisans into high status roles like that of contractors and manufactures and thereby emerge as industrial entrepreneurs-especially in Punjab.

³⁰ K.L. Sharma, 'Entrepreneurial Growth and Industrial Development Programmes in Punjab and U.P. - A Comparative Study of Small Entrepreneurs', Department of Economic and Sociology, Punjab Agriculture University, Ludhiana, 1976

³¹ Ibid.

³² S. Saberbal, op. cit.

MAHISYA

Mahisya is an agricultural caste rather than a merchant or high caste elite group and has become a known entrepreneurial group. This is indeed unusual for the Indian society. Mahisya was an ethnic group representing the earliest settlers of Bengal. They continued to be accorded a quasi-tribal status for a long time as compared to the later arriving Brahmins and Kayastha. Though sub-divisions also developed among them, they were collectively known as *kaivrtas* who were fishermen or boatmen. Sometime later under the influence of caste elevating movement the *hele kaivarthas* claimed the name Mahisya and they were returned as such under in Indian census of 1901.³³

Table : 2.2

Population of Selected Castes in Selected Area of Bengal in 1931

	Total	Mahisya	Muslim	Brahmins	Kayasthas
Howrah City	224,873	19,984	48,286	29,664	17,473
Undivided Bengal	51,067,338	2,381,266	27,810,100	1,477,691	1,558,475
Howrah District	1,098,867	273,885	233,468	79,909	34,138
Calcutta	1,196,734	46,215	311,155	159,112	160,630

Source - Quoted from R.L.O. Owens & Ashis Nandy, 'The New Vaisyas', New Delhi, NBT, 1977, PP. 85

By 1931 census, Mahisya were a dominant class in small industries in many areas. In Banra over 60% of entrepreneurs belonged to Mahisya and in Howrah similar situation existed as shown in the table

Mahisya constituted the largest single caste in undivided Bengal and were most numerous single caste in Howrah district. Owens says the success of Mahisya in

³³ A. Mitra, 'Tribes and Castes of West Bengal', Alipors W.B. Government Press, 1953, Pp. 32-33

industry is due to their low status, which allowed them to work with their hands in the machine shops, their ability to keep their standard of living down by continuing to live in their villages and a community solidarity and mutual aid which readily accepted relatives and caste members as apprentices, workers, partners and marriage mates. Owens suggests these factors have given the Mahisyas a competitive advantage in small scale industry over their upper caste rivals like, the Bengali Brahmins and Kaysthas.³⁴

Therefore, we may conclude that traditionally the people involved in entrepreneurial activities were mostly from the merchant and business communities, like Marwari, Chettiars and Banias. But since the late nineteenth century and early twentieth century changes in the pattern of entrepreneurship have accrued due to advent of modern factory system and managing agencies. Change is also observed in people's involvement, as Ramgharias and Mahisyas who came from lower strata, while Khatri of Punjab and Brahamins of South India are from upper strata. But still the proportion of people from the lower strata of the caste system who rose to entrepreneurial status is very meager as compared to their overall size in society.

³⁴ R.L. Owens, 'Peasant Entrepreneurs in North Indian Industrial City' in M. Singer (ed.) 'Entrepreneurship and Modernization of occupational cultures in South Asia, Duke University Press, 1973.

CHAPTER - 3

STATE AND ENTREPRENEURSHIP IN INDIA

Economy and polity are two important aspects of society. On the one hand, according to Karl Marx, relations of production are considered as basic structure of society which determines in turn social relations, on the other, a host of factors such as political conditions, policies, programmes and incentives affect economic development. In the latter case, these factors either facilitates economic development or create barriers in it. Therefore the relationship between economy and polity becomes important in assessing the role of State in the emergence of entrepreneurship in India.

Entrepreneurial performance is influenced by several factors such as the very nature of state, and the political milieu and ambiance at a given point of time. The role of government, bureaucracy and other political institutions also becomes quite crucial in entrepreneurial growth. The role of state can be viewed as follows:

Firstly, State's role has remained limited to matters relating to defence and security. Such a state is generally referred as a 'police state'. The countries like the USA and the west Europe provide entrepreneurial stimulation and infra-structure to its citizens. The liberal approach is based on private ownership and free market. It is characterised by development of corporate wealth and monopolistic controls with little centralized planning. Savings are based on voluntary choice. The taxation system however also affects nature and extent of savings. Investment is generally unrestricted in the private sector. The political system cherishes the norms of free market.

Secondly, under another system the State has full control on economic activities to guarantee social justice to such a system the people is characterised by the socialist ethos. A couple of years ago the USSR and the east European countries were staunch socialist states. The socialist system based on public ownership exercises strict control on internal market and export-import system. Centralization of economy by its ideologies was its hallmark. Savings were non-voluntary, determined and controlled by the state. Investments through the public sector were highly restricted and coordinated. This situation changed due to *glasknost* and *perestroika* in the USSR and the East European countries. Not only these countries balkanised and disintegrated, they also opted for liberal capitalist path.

The socialist and the liberal approaches are two polar opposite ideologies. The economic needs of the new independent nations and developing countries of South Asia, Latin America and Africa adopted a mixed path of development. A semblance of the socialist and the private economies could be seen in India's case particularly from the beginning of the third Five Year Plan.

Thirdly, the state's role in selected economic activities becomes vary important if both private and public sectors are allowed well defined roles. It is the state's responsibility to prevent economic concentration in few hands. The countries following the mixed approach have dual goals. Firstly, they strive to achieve a high rate of savings and investment through resource mobilization and capital accumulation. Secondly, the goal of equality and justice through a check on sectoral, regional and social disparity is affected by providing minimum infrastructure for subsistence and survival.

THE INDIAN STATE AND ITS ENTREPRENEURIAL POLICY

A.R. Desai¹ rejects the view that Indian state is following a socialist path of development. He argues that there is a difference between proclamation and practice. Indian leaders did not have an intention to cherish the establishment of a socialist pattern of society. As Jawahar Lal Nehru's aspiration that to build a socialist pattern of society². A society in which private property is not abolished, was a mere slogan. According to Desai, an egalitarian social order can not actualise. Mahatma Gandhi was also not in support of a socialist state as he believed - that a good state is one which governs least.

Therefore, it is the government's mere hollow claim that the model of economy India has followed is a socialist one or of a mixed economy. A.R. Desai³, however, maintains that by policy and principle it was a case of mixed economy whereas in practice private sector controlled the Indian state in many ways. By giving donations to political parties and politicians to contest elections, and by getting licenses by hook and crook. Indian states is neither a socialist country nor a case of a mixed economy. The idea is that it is the private sector that has virtually controlled the Indian state, and Desai argues vehemently that Indian state is capitalist at its core and in practice.

The second point is : Whether India is a soft state as stated by Gurnar Myrdal or it is guided by authoritarian institutions and structures. Many scholars including Gurnar Myrdal, and Gilbertt are of the view that Indian state opts for soft options avoiding hard policies and actions.⁴ Many of India's problems remain acute and unresolved due to soft actions towards institutional bottlenecks relating to religion, caste, family etc.

¹ A.R. Desai, 'State and Society in India: Essays in Dissent', Bombay, Popular Prakashan, 1975,

² Satya Pal Anand, 'Promises to keep - Situation from Jawahar Lal Nehru', Publication Bureau, Panjab University, Chandigarh, 1975

³ A.R. Desai, 'Paths of Development: A Marxist Approach', Bombay Popular Prakashan, 1984

⁴ G. Myrdal, 'Asian Drama - An Inquiry into the Poverty of Nations', London, Allenlanc, 1968

The soft state encourages corruption and tends to deviate from its stated objectives. Many entrepreneurial programmes could not be achieved due to faulty implementation and bureaucratic interference.

THE ROLE OF THE STATE IN MODERN INDIA:

Before World War-I, the responsibility of the state was confined primarily to the maintenance of peace, justice and basic public services. The Indian Industrial Commission, appointed in 1916, recommended that the government ought to play an active role in the industrial development of the country, but little initiative was taken by the central government. However, the recommendations of the Fiscal Commission in 1921 did lead to the protection of certain industries, such as iron and steel, cotton textiles, sugar, paper, match-making, and chemicals. In 1945, the government announced a policy according to which the state accepted the responsibility for developing the basic social overhead investments, required for growth of basic industries, particularly where private firms were lacking.⁵

In 1931, the Indian National Congress promised government ownership or control of industries in the independent India, and consequent upon that in 1938 a committee by the congress party was constituted to study the state planning. When India became independent in 1947, the India thought that it was necessary for government to have a major say in directing economic planning because of low saving-ratio, lack of institutional support, for diversified growth of economy - especially in the industrial sector in different parts of the country. Particular emphasis was placed on the establishment of government enterprises to alleviate the lack of production of basic capital goods i.e. a lack that was

⁵ Pritam Singh, 'Essay concerning Some Types of Entrepreneurship in India, University of Michigan, 1963, Pp. 18-22

exacerbating the long run balance of payment problem. Overtime, the share of net national product contributed by the government enterprises grew as the public sector was extended to more basic industries. The growth in of state enterprise, however, was viewed as a way to correct the existing structural imbalances rather than as a goal in itself.

Table 3.1
Government Share in Net National Output
(Current prices rupees in billions and percentage)

	1948-49		1950-51		1955-56		1960-61		1962-63	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
A- Total share of govt. sector	6.4	7.4	7.2	7.5	9.9	9.9	14.8	10.4	18.4	11.9
1. Net output of govt. enterprises.	2.4	2.8	2.9	3.0	4.2	4.2	5.7	4.0	6.7	4.3
2. Net output of govt. administration	4.0	4.6	4.3	4.5	5.7	5.7	9.0	6.4	11.7	7.6
B- Net Output of private sector	80.3	92.6	88.3	92.5	89.9	90.9	127.3	89.6	136.4	88.1

Source: - Dutt and Sundharam, *Indian Economy*, New Delhi, S. Chand & Company, 1987, Pp.-34.

In the decade following independence, public investment, through linkage effects, stimulated growth in private sector. For example, 72 per cent increase in private investment, from the first Five Year Plan (1951-56) to the second Five Year Plan (1956-61) was associated with a 103 per cent increase in public investment from the first plan to the second one.⁶

Even after the Industrial Policy Resolution of 1956, which increased the number of basic and strategic industries in the public sector, the size of the public sector was not large. Government enterprises accounted for 4 per cent of Net National Product in 1960-61, 4 per cent of the total working force in 1957-58, and 54 per cent of the actual investment in the second Plan (1956-61).⁷

⁶ Ibid. (Pp. 33-36)

⁷ Ibid. (Pp. 38-40)

Thus, Pritam Singh's conception of the entrepreneurial function involves the building of institutions. In this sense, the government has been actively involved in entrepreneurial endeavours by way of creation of institutions for rural community development; credit organizations for firms of various sizes and types; export promotion schemes; and in new organizations to develop transportation and communication, networks, educational institutions, health services and scientific and technological research. Though Singh has stated state planning agencies are not performing any notable entrepreneurial functions. The state planning assists in the creation of new institutions.

Government enterprises have been characterised by low profits and low saving rates, even where projects are directly productive activities as opposed to social overhead programmes. This would seem to indicate a lack of entrepreneurial skills in the public sector. However, one relieving feature is that as India's experience with the public sector has increased, profit rates and saving rates have grown.

India has one of the most progressive tax rates in the world. One peculiar feature of the system is that the combination of liabilities on income and wealth taxes imposes a virtual ceiling on individual wealth accumulation. At very high level of income resulting from wealth, the combined increment in taxes exceeds with the increment in income.⁸ Many economists believe that the highly progressive nature of the taxation discourages business activity and investment.

Large scale public firms are usually organised in one of the three following forms: i) a departmental undertaking, ii) public corporation, and iii) a joint-stock company. Departmental undertakings, such as postal, telegraph and railway services departments often, lack autonomy and flexibility required for quick decision making and risk-taking. As

⁸ Dutta & Sundharam, 'Indian Economy, New Delhi, S. Chand & Company, 1987

much, personnel working in public departments are subject to cumbersome government rules of recruitment and promotion. The public corporation, created under a parliamentary or state legislative act, has the advantage of a separate legal entity compared to governmental regulations, and these are exempt from most of the complicated regulatory procedures and audit rules of government departments. The majority of public firms, however, have been established as private joint stock companies with maximum autonomy.

THE SMALL-SCALE ENTERPRISES AND THE STATE

I Significance of small-scale industries:-

Promotion and development of small-scale industries lead to the development of entrepreneurship. The importance of small-scale industries can be gauged by its contribution to the process of industrialization even in developed countries. In United States post-war economic development was dominated by rapid technological changes, but at the same time the small-scale sector maintained its share not by changing the scale of operation but by growing in numbers.⁹ The underdeveloped countries, with their scanty resources of industrialization, would face the danger of inflation as the heavy industrial programme demands huge investment and a longer gestation period. In Indian context, small-scale industries have a sound base for development. The case for small-scale units is advocated on the following grounds:-

- 1) **Employment opportunities** - It provides more employment than the large-scale undertakings.

⁹ John Decks, 'The Small Firm Owner- Manager Entrepreneurial Behaviour and Management Practice', Praeger Publisher, New York, 1976, Pp. 60

- 2) **Low capital investment** - Small-scale industries can be started with comparatively less investment in plants and machines.
- 3) **Mobilization of local savings** - It would be easier to raise small savings and mobilise the same for local industrialization.
- 4) **Balanced growth or decentralization** - It solves the problems of uneven development-like sectoral and regional disparities and concentration of economic power in few hands.
- 5) **Natural advantages** - Small-scale industries are best suited for specialised and artistic articles and handicrafts. In such a production process human skill is the main input. It also serves large units as ancillary units.
- 6) **Techniques of production** - In the underdeveloped areas traditional skills can be used to yield satisfactory results.

ii) Aims of the Government

The first Industrial Policy Resolution (1948), just after Independence, provided various guidelines for industrial and entrepreneurial development having the following three important objectives:

- 1) To encourage proper distribution of economic resources and power between private and public sectors,
- 2) to increase the tempo of industrialization by spreading entrepreneurship from the existing centres to other cities, towns and villages, and
- 3) to spread entrepreneurship from a few dominant entrepreneur to a large number of industrially potential people of varied social strata.

To achieve these objectives, the Government laid emphasis on the development of small-scale industries in the country. Under the Five Year Plans, particularly the third Five Year Plan, the Government started providing incentives in the form of capital, technological know-how, markets and land to the potential entrepreneurs. Industries were set up in the potential places to minimize regional imbalances of industrialization. The Government took the major step of attracting interested people of different social strata to enter the small-scale manufacturing field.¹⁰ Several institutions, like Directorate of Industries, Financial Corporations, Small-scale Industries Corporations, and Small-scale Service Institutes were established by the government to facilitate establish new enterprises.

In 1953, the Ford Foundation sponsored an international study group to inspect and assess the condition of small-scale industries in India. The study group observed that "the rate of development of small industries was very slow. Many small industries were facing a crisis, deteriorating in output and employment".¹¹ The study team recommended creation of a specialized small-scale sector and a multipurpose institute to serve it for the newly established agencies to provide the small producer, expeditiously and with minimal red-tape with both credit and working capital, promoting industrial cooperatives and trade associations, and affirming government assistance in marketing.¹² The Ford Foundation report served as a rallying point for the officials in the Government of India who had been urging implementation of the policy propounded in 1948.

The Second Industrial Policy Resolution passed in 1956, emphasised on the role of small-scale industries in the development of the national economy. The Policy resolution

¹⁰ K.L.Sharma, 'Entrepreneurial Performance in Role Perspective', New Delhi, Abhinav Publication, 1975, P. - 7

¹¹ Government of India, Report on Small-scale Industries in India. The International Planning Team, Ministry of Commerce and Industry, New Delhi, 1955.

¹² Ibid.

stated : "in relation to some of the problems that need urgent solutions, they offer some district advantages. They provide immediate large-scale employment. They offer a method of ensuring a more equitable distribution of the national income as they facilitate an effective mobilization of resources of capital and skill which might otherwise remain unutilised. Sources of problems that unplanned urbanisation tends to create will be avoided by the establishment of small centres of industrial production all over the country".¹³

The small-scale assistance programme, like any other assistance programme, requires in advance a definition of small industry which specifies its scope as well as its limits. The Industrial Policy statement of 1980 offers such a definition. An undertaking having investment in fixed assets in plant and machinery not exceeding Rs. 20 lakhs was to be regarded as a small-scale unit. For units engaged in manufacturing ancillary items, the ceiling was Rs. 25 lakh. For a tiny unit, the limit was 2 lakhs. Since, then the definition of small and ancillary industries has been further revised, as in 1985 it was to raised to Rs. 35 lakhs, Rs. 45 lakhs respectively; and in 1991 again it was enhanced to Rs. 60 lakhs, Rs. 75 lakhs and Rs. 5 lakhs respectively.

The growth of small industries in the past four decades is the direct outcome of ever increasing outlays earmarked for the small-scale sector by the Government during the plan periods. The table (3.2) gives details of the public sector outlays on small-scale industries during pried five year plans. It discloses that the plan expenditure has increased from Rs. 5.20 crores in the First Five Year Plan (1951-56) to Rs. 1120.51 crores in the Seventh Plan (1985-90) showing a phenomenal increase of 215 times.

¹³ N. Raghunathan, 'Small is Beautiful', Entrepreneurial Development, Oct, 1989 (Pp. 27-29)

Table 3.2

The Plan Outlays for the Development of Small-Scale Industries

(Rs. in crores)

Plan	Plant Period	S.S.I.s (including industrial estates)
First	195-56	5.20
Second	1956-61	56.00
Third	1961-66	113.06
Annual	1966-69	53.48
Fourth	1969-74	96.19
Fifth	1974-79	199.66
Annual	1979-80	104.81
Sixth	1980-85	616.10
Seventh	1985-90	1120.51

Source:- SIDO Annual Report 1988-89, Small-scale Industries in India - Facts and Figures, SIDO, New Delhi, July 1990

Similarly, the data on small-scale industries in different states and the Union Territories shows the growth and distribution of small-scale units. According to SIDO, Annual Reports (between 1979-88), out of 30 states and Union Territories, the recorded growth is above the national average in 13 states and 3 Union Territories. The growth in the other 11 states and 3 Union Territories is below the national average level during the period. Among the states the growth is substantially higher in Mizoram (546%), and the next in order are Madhya Pradesh (463%), Sikkim (448%), and Uttar Pradesh (401%). It is lowest in West Bengal (37%). Likewise, among the Union Territories the highest growth is in Andaman and Nicobar (636%) and the lowest is in Delhi (145%).

ENTREPRENEURIAL DEVELOPMENT PROGRAMMES (EDPs)

For strengthening the industrial base of the country the Government of India has evolved an assistance programme to stimulate the growth of entrepreneurship, especially in small-scale sector. Some of the main programmes are the 'self-employment scheme' for educated unemployed people and the 'Entrepreneurial Development Training Programmes'. After Independence, the Government of India realized the necessity of entrepreneurship development and decided to identify individuals from all communities who had entrepreneurial talent to train them through properly organised EDPs and to set up various agencies, institutions with different facilities and incentives for the development of small-scale industry.

In the sixties, the various programmes taken up by the Small Industries Service Institute (SISI) and Small Industries Extension Training Institute (SIETI) tried to fill up the information lacuna and to provide information relevant to small entrepreneurs, who required for setting up business units. These programmes rendered great service by disseminating knowledge regarding financial, technical and managerial aspects. To that extent, these programmes were not basically programmes, for entrepreneurship development, but were in the nature of supportive programmes for existing and the new entrepreneurs.

The first and major systematic effort to identify and develop new entrepreneurs especially from non-conventional community backgrounds was first made in 1970 in Gujarat. Only one or two EDPs were organized in the initial years, as a sort of side activity by one agency i.e. output Industrial and Investment Corporation in Gujarat, later on in May 1979, another dimension was added with the setting up of the Centre for Entrepreneurship Development (CED) in the state. At present, the EDPs work is being undertaken by ever

50 different agencies all over the country. The salient features of some of the agencies which are actively engaged in EDP work are:-

- a) 27 Small Industries Service Institute (SISIs) have been set up by the government of India. These institutes conduct programmes primarily for new engineers, technical diploma-holders, and unemployed science graduates.
- b) 17 Technical Consultancy Organizations (TCOs) are jointly sponsored by such financial institutions, as Industrial Development Bank of India (IDBI) and others for young graduates, educated unemployed, experienced traders, women etc.
- c) Some 10 to 12 other agencies are also working for EDP's.

Apart from this, in 1983 Entrepreneurship Development Institute of India (IEDII) was set up in Ahmedabad at the initiative of the IDBI, with support from ICICI, IFCI, SBI and the Government of Gujarat. In Delhi; the National Institute for Entrepreneurship and Small Business Development (NIESBD) is providing essential knowledge inputs to the small-scale sector.

CHAPTER - 4

CULTURE AND ENTREPRENEURSHIP

CULTURE : THE CONCEPT AND ITS MATERIAL DIMENSION

Culture is one of the most important and complex terms in social sciences. It is partly due to its broad meaning and concern with everyday life. A large number of definitions of culture also indicate its varied nature, significance and complexity. On the one hand, Herskovitz viewed culture as 'man-made part',¹ on the other, Maciver and Page² have emphasized the role of culture in man's life. Thus, man is considered as the creator of culture and a creation of it. Tylor defines it as "the complex whole which includes knowledge, belief, art, morals, laws, custom, and many other capabilities and habits acquired by man as a member of society."³ This definition has been criticized as it emphasizes only non-material elements. However, the concept of culture includes both material and non-material aspects. These two aspects are not always in harmony relation. Ogburn explains through the notion of 'cultural-lag',⁴ various elements in culture - i.e. material and non-material, and differential dimensions of change. Slow rate of change of non-material elements, according to Ogburn, creates institutional bottlenecks for material change.

RELATIONSHIP BETWEEN CULTURE & ENTREPRENEURSHIP

Entrepreneurship represents both the material aspect of culture and the non-material elements concerned with it because an entrepreneur is not only a rational man

¹ H.J. Herskovitz, 'Man and His Works', New York, A.A. Knopf, 1952, Pp. - 17

² R.M. MacIver & Page, 'Society' London, Macmilan, 1953, Pp. - 55

³ Edward Tylor, 'Primitive Culture' Vol-I, London 1913, Pp. - 1

⁴ Ogborn, 'Social Change', London, Routledge and Kegan Paul, 1922

but he is also surrounded by a non-material culture complex. There is a nexus between entrepreneurship, and culture. But some scholars deny such a relationship between the two. According to Marxian view culture is a super-structural phenomenon, and some anthropologists consider culture as a super organic aspect. However, with regard to entrepreneurship into three views on the basis of available studies can be discerned. The first and foremost is the role played by culture in the origin and development of entrepreneurial activities. Max Weber and K.P. Kapp have followed this approach.⁵ The religious ethic plays an important role in economic development. Hazlehurst and Timberg⁶ have analysed the role of caste and community in the process of entrepreneurship in India.

Secondly, the relationship between culture and entrepreneurship is viewed as a two-way process in opposite to Weber's unidimensional approach. This is a later development, which emerged as a critique of Weber's thesis. H.M. Robertson says that relationship between capitalism and religion was viewed through the wrong end of the telescope by Weber.⁷ He has pointed out that the Protestant ethic was the result of a rising capitalistic-minded middle class. R.H. Tawney and J.B. Krans⁸ have, however, posited a two-way relationship between religion and economic development. The economic transformation of the 16th and 17th centuries transformed the religious outlook while the new religion of the puritan sect cleared the way for a more forcible expansion of capitalism.

⁵ Max Weber, 'Protestant Ethic and Spirit of Capitalism, London, Allen & Unwin, 1948; K.W. Kapp, 'Hindu Culture, Economic Development and Economic Planning in India', Bombay, Asia Publishing House, 1963

⁶ L.W. Hazlehurst, 'Caste and Marchant Communities' in M. Singer and B.S. Cohen (ed.) Structure and change in Indian Society, Chicago, 1968, Pp. 285; T.A. Timberg, 'Marwari : From Traders to Industrialists', N. Delhi, Vikas Publishing House, 1978

⁷ It is well known that Marx put religion in the category of the super-structure which was determined by the structure of relations of production. Weber had the Marxian view at the back of his mind and contested it in his work. 'The Protestant Ethic and Spirit of Capitalism', 1948

⁸ Quoted from K. Saumelson, Religion and Economic Action, trans, Stockholm, 1961, Pp.. 21-22

Thirdly, there is no connection between religion and economic action, and the rise of capitalism can be explained without reference to religion. This approach has very few supporters. Samuelson's study⁹ on the development of capitalism in most of the European countries and in the USA led him to conclude that factors other than religion were involved in the promotion of trade, industry and capitalism. For instance, what he accounted for the development of iron industry in England, Weber has attributed that to the initiative of the Quakers, by such factors as technical education, family relationships, and the industrious personality. Milton Singer does not say about the relationship religion and entrepreneurship in the city of Madras. But it seems that his findings relating to that 'Compartmentalization'¹⁰ of religious action and economic actions are influenced by Weberian approach to a considerable extent.

INDIAN CULTURE AND ENTREPRENEURSHIP

Now, we will analyse the relationships between culture and entrepreneurial activities in Indian society. Culture may be analysed in this context in terms of three important institutions of Indian society - i.e. religious values, caste system and family structure.

RELIGIOUS VALUES

In India, eight major religions are Hinduism, Islam, Christianity, Sikhism, Buddhism, Jainism, Zoroastrianism and Judaism. Hinduism, Sikhism, Buddhism, and Jainism are Indigenous, while other religions are added from alien cultures. The Jews,

⁹ Ibid - (Pp. 21-22)

¹⁰ Milton Singer, 'When Great Tradition Modernizes', New York, Praeger Publisher, 1973

the followers of Judaism, constitute only 0.1 per cent of Indian population. The Parsis, the followers of Zoroastrianism, have already been referred earlier in our study.¹¹

Islam, according to Weber, is unfavourable to the organisation of rational economic activities. He argues that Islamic ethics did not develop this-worldly view. The contents of the Islamic religious ethic compatible with mundane needs of a warrior stratum and the element of salvation were transformed into the secular quest for land which did not develop into a religion of transformation. Secondly, the pristine message of Meccan monotheism was adulterated by Sufism which catered to the emotional and organic needs of the message. Thus the above factors pulled Islam into different directions, none of which led to evolution of 'rational capitalism'.¹²

Weber's formulation of Islam has been challenged on methodological grounds. He lacked understanding of Islam, and had deep-rooted biases against Islam and Muslim society¹³. Radinson¹⁴ has shown that either textually or empirically Islam was not responsible for the lack of capitalistic development in Muslim society. Empirical studies of Muslim entrepreneurship are very few in India, However, major findings have emphasized that religious considerations and beliefs rarely affect the entrepreneurial behaviour, because 'partial modernization'¹⁵ was effected by the entrepreneur and there was 'compartmentalization'¹⁶ between religion and economy.

So far as the role played by indigenous religions in the development of rational capitalism, is concerned, Weber's work -'The Religion of India'¹⁷ describes that

¹¹ Mentioned in chapter - II of this dissertation, Pp. 39-42

¹² Max Weber, 'Protestant Ethic and Spirit of Capitalism, New York, 1958

¹³ B.S.Turner, 'Weber & Islam : A Critical Study', London, Routledge and Kegan Paul, 1974

¹⁴ Maxime Radinson, 'Islam and Capitalism,' trans., London, Brain Pearce, Allen Lane, 1974

¹⁵ H. Papanek, 'Pakistan's New Industrialists and Businessmen : Focus on the Memons', in M.Singer (ed.) Entrepreneurship and Modernization of Occupational Cultures in South Asia, Monograph No. 12, 1973, Pp. 61-106.

¹⁶ Milton Singer, When Great tradition Modernizes, New York, Praeger Publication, 1973

¹⁷ Max Weber, 'The Religion of India :The Sociology of Hinduism and Buddhism', translated and edited by Hans H. Gerth and Don Martindale Glencoc, The Free Press, 1978

Hinduism and Buddhism are also unfavourable to capitalism. According to Weber, the ideas of *karma*, *dharma* and *samsara* (the cycle of birth and rebirths) made Indian defeatists fatalist. These dogmatic foundations are anti-capitalist in spirit¹⁸. The concept of *samsara* (belief in the transmigration of souls) and are the related *karma* doctrine of compensation have made the Indians self-satisfying and contented people. Weber writes: "these twin doctrines of Hinduism and their very interrelatedness represent the unique Hindu theodicy of the existing social caste system"¹⁹ But Weber also accepts the elements of mobility in the caste system and absence of the *samsara* and *karma* doctrines in the *Vedas*. He does not find this worldly asceticism among the Jains, the Lingayats, and the Madhwas.²⁰ Weber finds a close ideological tie between these communities and the Protestant ethic.

The above formulation by Weber has given a rise to a wide ranging controversy about the conception of Hinduism, Buddhism, Jainism and other religions and sects, which have attracted sociologists, anthropologists and economists to study religion and economy. Weber's hypothetic-deductive approach has invited a lot of criticisms. This point has been raised by Milton Singer, K.W. Kapp, M.N. Srinivas, M.S.A. Rao and various other empirical studies.

Kapp²¹ has pointed out that it is hazardous to deduce norms and values from abstract Hinduism which are either favourable or unfavourable to economic development. He further states that the belief in causation leads to increased feelings of fatalistic helplessness and to the view that human experience is transitory and illusory. He concludes that the rigid deterministic character of Hinduism obviated the

¹⁸ Ibid Pp. - 328

¹⁹ Ibid Pp. - 118

²⁰ M.Singer, 'Review of 'The Religion of India' by Max Weber, American Anthropologist, Vol-LXIII, 1961, Pp. 143-151

²¹ K.W. Kapp, 'Hindu Culture, Economic Development, Economic planning in India,' Bombay, Asia Publishing House, 1963, Pp.- 18,

one basic requisites of economic development. Thus Kapp has criticized Weber's conception on Hinduism and abstract ideas as a set of on the one hand, but he supports Weber's thesis on the negative role of Hinduism in the context of the development of rational capitalism.

M.S.A. Rao has challenged both Weber and Kapp. According to him there are six Indian philosophies besides three vedic schools. In these texts the meaning of *karma*, *maya*, *moksha* etc. not only differ, from one system to another. Rao argues that how Weber could claim that the twin dogmas i.e. *karma* and *samsara* are non-controvertial. Secondly, he says that Kapp despite being aware of the limitations of hypothetic-deductive approach, accepts Weberian thesis on Hinduism and economic development.²²

Milton Singer²³ criticizes Weber because he observes that realistic consequences could not be deduced from the religious beliefs, values, or motives relevant for concrete social and cultural contexts. Secondly, Singer has also drawn attention to the failure of hypothetic-deductive approach to study particular conditions and magnitudes. Singer further presents a functional equivalent of the Protestant ethic in India in his study of the leading industrialists of the city of Madras. To him caste background and tradition may equally be relevant for the industrial development in India. Caste-based division of labour has been used successfully in the training of industrial workers. He observes that through the process of "compartmentalization" several industrialists kept their business and traditional ritual obligations separate, like compartments. These roles do not clash. M.D. Morris²⁴ raises question on Signer's

²² M.S.A. Rao, 'Religion and Economic Development' in *Sociological Bulletin*, XVII, March 1969 Pp. 1-15

²³ M.Singer, Review of 'The Religion of India' by Max Weber, *American Anthropologist*, Vol-LXIII, 1961, Pp. - 143 -151

²⁴ M.D. Morris, 'Value as an Obstacle to Economic Growth in South Asia: A Historical Survey', *Journal of Economic History*, Vol XXVIII, No. 4, Dec, 1967, Pp. 588-607

tradition - modernity dichotomy that Madras industrialists maintain by way of compartmentalization.

On the basis of the above critique of Weber's formulation about indigenous religions, Dwijendra Tripathi²⁵ says that (a) There is a single system of Hindu values (b) Hinduism was all-pervasive and influenced the behaviour and value of the followers of other Indian religions including Islam, (c) the Indian communities internalized these values and translated them into day-to-day life, and (d) that these values remain immune to and insulated against external pressure. The other critical points made by Weber are that Jainism stress on *aparigraha* (non-attachment), *ahimsa* (non-violence), *aasteyo* (non-stealing) and *brahmacharya* (desireless for sensuous pleasure) are neither less ascetic nor less other-worldly than Hinduism. However, Weber considers it similar to puritan ethics. This is a case of contradiction in his formulation.

CASTE, COMMUNITY AND ENTREPRENEURSHIP

Caste system is a form of social stratification in India, which is characterized by hierarchical social order based on birth, fixed hereditary occupations and endogamy. Each caste has a fixed hereditary occupation through which the members of a caste unit earn their livelihood. According to the normative order of Hindu social system each person's role and his position is determined by birth in a particular caste. No individual has unrestricted choice of occupational pursuits. Max Weber says that caste is anchored in the concept of *karma* and a man can change only his position and occupation in next birth (or re-birth), if he performed *karma* well in this-world.

²⁵ Dwijendra Tripathi, 'Indian Entrepreneurial Historical Perspective : A Re-interpretation', Economic and Political Weekly, 29 May 1971,

The attributes of hierarchy and occupation are interlinked. There is a recognised ritual and social distance between different *Varnas* and between most of the *jatis*. Acquisition of learning, imparting knowledge and priestly functions are considered as pure and noble, hence *Brahmin* enjoys top rank, while those working in leather or scavenging are considered as unclean and polluting, hence their status is low. This forms a part of Indian tradition, but things are changing, contemporary reality is gradually drifting away from the tradition.

M.N. Srinivas describes pattern of social mobility, and says that Indian society was not stationary even in the pre-British period²⁶. During British rule new avenues of social mobility changed the caste system. New technology, certain forms of administrative and military organization, and new economic opportunities threatened the stationary character of caste. High castes took advantage of these new opportunities at least at the higher level making a beginning of a synthesis between tradition and modernity.²⁷ This had the twin effect on increasing the cultural and ideological distance between the high and low castes as well as making the new opportunities doubly desirable. In the first place new occupations were well paid and prestigious and in the second only the higher caste had access to these new opportunities.

L.W. Hazlehurst describes the role of caste among the merchants of Ram Nagar. It is observed that participation of merchants in numerous social relationships and diverse economic interests maintain the cultural boundaries between castes²⁸. The partition of India into two nation states in 1947 had a major impact on the structure of

²⁶ M.N. Srinivas, 'Mobility in Caste Ssystem', in M. Singer and B.S. Cohen (ed) Structure and Change in Indian Society, Chicago, Aldine Publishing House, 1968, Pp. 189-199

²⁷ Ibid

²⁸ L.W. Hazlehurst, 'Caste and Merchant Communities', in M. Singer and B.S. Cohen (ed) Structure and Change in Indian Society, Chicago, Aldine Publishing House, 1968

entrepreneurship and class, especially in the border areas. Availability of entrepreneurs in Ram Nagar, a Punjabi city, was augmented substantially as a result of a disproportionate share of refugees from west Pakistan. The refugees were traders, and the administrative arrangements and compensation paid to them for losses contributes to small-scale entrepreneurship.²⁹ Among the displaced merchants settled in urban areas in eastern Punjab were mostly Khatri or Aroras. Many of the sub-caste distinctions among these groups have become obscure. Religious reform movement, a high degree of occupational and spatial mobility, and the recognition of claims made have weakened the cultural and ethnic solidarities.

Hazlehurst notes that refugee entrepreneurs tend to be more innovative in business than local entrepreneurs like Agrawals and Banias. The challenge of new environment might have been beneficial, educational and psychological effects on them. The geographical dispersion of friends, relatives and neighbours of the refugees might have led to rejection of local values and norms relating to caste, region and heritage.²⁹

Nafziger's study of small scale manufacturers at Visakhapatnam in Andhra Pradesh also supports the prevalence of a nexus between high socio-economic status and entrepreneurship. He observes that the twice-born castes and rich families were successful entrepreneurs due to education, work experience, access to capital, and availability of government assistance.³⁰

James J. Berna in his study of manufacturing entrepreneurs in Madras, Coimbatore and adjoining areas reveals that caste, socio-economic background have

²⁹ 'Entrepreneurship and Merchant caste in Punjabi City', Durham, N.C. Duke University, 1966, Pp. 15-19

³⁰ E.W. Nafziger; 'Class, Caste and Community of South Indian Industrialists: An Examination of the Horatio Alger Model', Journal of Developmental Studies, Vol. -II, No. 3, Jan. 1975

very little impact on entrepreneurial endeavours. In his sample of fiftytwo entrepreneurs belonging to ten different social communities, fortytwo were from three social communities Naidu (a landowning class), Brahmin, and Chettiar (a southern traditional business community). Only four entrepreneurs are in direct line with the traditional caste-based occupation.³¹ Therefore, the study shows dissociation of caste, social structure and entrepreneurial activities. He concludes that economic factors such as business experience and technical knowledge are more important than socio-cultural factors like caste and religion.

The participation of the upper two *Varnas* in the entrepreneurship is less than the lower two *Varnas* because of low traditional esteem of business activities. Kling's study in Bengal also supports this hypothesis. He observes that the Marwari and other non-Bengali business castes have dominated modern manufacturing and trade. He explains that the lack of indigenous entrepreneurship in Bengal at present stems in part from the discrimination and duplicity of the British and the low esteem accorded to business-based occupations.³²

In the early nineteenth century, participation of Bengalis in activities competitive with the British resulted in the subsequent exclusion of Bengalis from modern business. In a number of cases in 1880's, Bengali firms with established reputation were defrauded by British partners, an action that led many Bengali businessmen to retreat from trade and commerce. Although the Bengalis admired the boldness of merchant prince and the modern industrialist, but they placed a low premium on the mundane pursuits of traditional businessmen such as the petty traders.

³¹ J.J. Berna; 'Industrial Entrepreneurship in Madras State', Bombay, Asia Publishing House, 1960

³² Kling, Obstacle of Business Entrepreneurship

Hemlata Acharya in her study of business enterprises in Gujarat observes that most successful entrepreneurs belong to business traditional mercantile castes. Howard Spodek also describes that how pre-industrial guild system (socio-economic class) played an important role in endowing the cotton textile industry in Ahmedabad. Timberg's study of Marwaris also gives an evidence of the role of socio-cultural institutions and family networks in entrepreneurial endeavours. M.N. Panini's study of Faridabad explains the role of social networks in modern industry³³

FAMILY AND ENTREPRENEURSHIP

Family is a basic and universal institution, but it differs from society to society and at different times. The traditional peasant society and the pre-industrial formation were characterized by extended or joint-family system in India, whereas today modern society is characterized by nuclear or conjugal family. Thus the type of family is closely associated with the nature of involvement in occupational pursuits.

The psychological perspective on entrepreneurship considers family as an important institution. McClelland and Hagen, both have emphasized on the role of 'motivation' which is inculcated through socialisation process in the family. Hagen explains how authoritarian personalities change in creative-personalities during childhood socialization in the family on the basis of his observation about economically backward countries like - Burma and Argentina.³⁴ Apart from childhood socialization, McClelland also describes the role of motivation in adulthood.

³³ Hemlata Acharya, 'Creative Response in Indian Economy: A Comment', *Economic Weekly*, Vol.-IX, No. 16., 1957; Howard Spdek, 'Traditional Culture and Entrepreneurship - a case study of Ahmedabad', *Economic and Political Weekly*, Feb 1969, (Pp. M27 - M31); M.N. Panini, 'Networks and Styles : Industrial Entrepreneurship in Faridabad', *Contribution to Indian Sociology*, (NS), Vol-II, No. 1, 1977

³⁴ E.E Hagen, 'On The Theory of Social Change: How Economic Growth Begins', Illinois, Homewood, 1962

Gloria V. Javilloner and George R. Peter view entrepreneurship in India as a family rather than an individual phenomenon³⁵. Thus they support this view by highlighting McClelland's proposition which states that 'need for achievement' is positively related to entrepreneurship in relatively open societies and in situations where there is relative freedom of occupational choice. Therefore, it is inappropriate to apply 'need for achievement' criteria to an individual identification and orientation. Secondly, the extended family system facilitates an individual's entry into entrepreneurial role.

Similarly, Spodek demonstrates in his study of Ahmedabad that family has played a significant role in endowing the cotton textile industry with its unique and self-contained pattern. According to Spodek, the common unit of economic activity corresponds to the family structure. The family unity and business ethics impose double and sometimes conflicting values. In a business concern the goal is to maximize profits, but in a family its stability is a prime concern. Such double goals presumably bring out conservatism and also alarm for caution in business. In addition, in absence of training institute the family also serves as the business school for the young³⁶.

Kinship and marriage and family networks play a vital role in arranging capital. In most of the villages in India, a person is granted credit as a member of a family or a given social group, rather than as an individual. The creditor-debtor relationship has a social significance beyond the economic relationship. Even in a town or a city, business communities organized credit opportunities on the basis of family and kin ties. Pierre

³⁵ G.V. Javillonar and G.R. Peter, "Sociological and Social Psychological Aspects of Indian Entrepreneurship", *The British Journal of Sociology*, Vol-24, No. - 3, (Pp. - 314-328)

³⁶ Howard Spodek, *Traditional Culture and Entrepreneurship - A Case Study of Ahmedabad*, *Economic and Political Weekly*, Feb, 1969, (Pp. M27 - M30)

Lachaiier's study of 'Kuchi Lohanas' kinship organization in Pune clearly severals these aspects³⁷.

Auspicious marriages for children in Business families are generally considered important for both social and economic reasons. An individual's status depends upon the observance of caste endogamy. However, for a business family more may be required out of marriage than just caste endogamy. Hazelhurst observes in one business class in Ram Nagar, the marriage ceremony has economic significance in addition to ritual significance³⁸. Saving from business are often used for marriage expenditures, which are generally well calculated to lead to advantageous relationships.

Thus, the extended family is the unit of entrepreneurship in India. It is considered as a training institute for young male members. It also supports family members by providing capital and entry into entrepreneurship.

³⁷ Pierre Lachaiier, "The Merchant Lineage Firm and the Non-Invisible Hand : Pune, Maharastra", in Philippe Cadene & Denis Vidal (ed.) - 'Webs of Trade', New Delhi, 1997 (Pp. 23-52)

³⁸ L.W. Hazelhurst, "Entrepreneurship and merchant Castes", in M. Singer and B.S. Cohen (ed.) Structure and Change in Indian Society, Chicago, Aldine Publishing House, 1968. (Pp. 109 - 118)

CONCLUSION

From the French classical economists to the modern social theorists no one has provided a precise definition of an entrepreneur. Most of the scholars define entrepreneurship with one or more features. Upto nineteenth century an entrepreneur was referred as a cultivator, adventurer, risk-bearer, manager, supervisor etc. A systematic study of entrepreneurship starts with Schumpeter, according to him, an entrepreneur plays a unique contribution in the process of economic development. Before him classical economists stressed on the resources and technical competence of a given society, and treated human element as a residual factor. Schumpeter's entrepreneurs are business leaders and innovators, who introduce new permutations and combinations of production and market forces.

Thus, the concept of entrepreneurship has been used in diverse ways viz. in terms of personality characteristics, managerial and innovative activities. Major theories of entrepreneurship have been propounded in economics, sociology, and psychology. But today entrepreneurship is not confined to any one single discipline. It can be better understand by an interdisciplinary perspective.

The above features refer to entrepreneurship as an abstract phenomenon. Max Weber also explains it as an abstract phenomenon in terms of 'ideal - type' of capitalism. He further classifies it into four types - booty, traditional, pariah and rational capitalism, and only the last two are concerned with entrepreneurial behaviour. Both pariah and rational capitalist are similar only in choosing their means based on the principle of

rationality, while the goals of pariah capitalist are determined by values or ethics. For Weber Indian traditional business communities, - Marwaris, Jains, Madhawas, are pariah capitalists. To these business communities Weber considers most developed in and the rest are traditional entrepreneurs.

In India, the patterns of entrepreneurship differed with reference to region and types of activities. Upto the eighteenth century factory production was not introduced and the major sector of involvement was cottage industries and agriculture. Changes occurred in the nineteenth century by way of plantation industries including jute, tea, coffee, indigo, in eastern India, and modern factory-industries in western part like the textile industries. Thus, two types of entrepreneurs could be identified : (1) innovative entrepreneurs - Ranchod Lal, Jamsetji Tata etc., and (2) imitative entrepreneurs - who followed the innovative entrepreneurs.¹

The size of entrepreneurs is very small with respect to total population of India. Only two sections of Indian society had provided maximum entrepreneurs. These are : the group involved in cottage industries namely, Ramgharias, Mahisyas etc. and the traditional business communities such as Marwaris, Agrawals, Jains, Chettiors, Moplas and Parsis.

The causes of differential representation are manifold, like the nature of social stratification, religious values and belief system, and political milieu. The caste system restricted an engage in individuals choice of occupation. For example, only vaisyas

¹ P. B. Medhora, 'Entrepreneurship in India' in Political Science Quarterly, Vol-LXXX, No. 4, 1965 (PP. 559)

were allowed to economic activities, and the village artisans could work as carpenter, blacksmith, potter, tailor and barber. The occupational immobility was determined by birth. I.P. Desai gives an example of occupational immobility wherein an inspite of being U.P. Brahmin, poor did not till his land due to a taboo that he could not touch plough and cultivate himself². After Independence cases of occupational mobility have been reported in by different studies. Owens reports the case of Mahishyas, a peasant caste, who successfully switched to industrial entrepreneurship in eastern India. Similarly, Satish Saberbal describes about Ramgarhias, a lower artisan caste in Punjab who became successful entrepreneurs. These few success stories of occupational mobility are scattered and confined to a small section of people. Secondly, the nature of occupational mobility in many cases is confined within broad occupational parameters of caste. The Ramgarhias were traditionally belonged to Carpenters and Blacksmiths, while today also a majority of them are engaged in wood- related industries like - sports goods and iron instruments industries. Thirdly in the case of inter-caste or inter-*varna* occupational mobility one could see both upward and downward mobility. The *Sudras* and artisans are moving towards trade and commerce, however, *kshatriyas* and *brahmins* are taking up less prestigious occupations.

For some upper castes and families business holds low esteem. Hence, many from among them aspire for salaried in government jobs. Kautilya's belief that a businessman was a thief but not called so, seemed to have become a commonly held view in later years³. Even presently Burnett observes how low social status of business prevents

² I.P. Desai, 'Understanding Occupational Change in India', Economic and Political Weekly, May 29, 1971 Pp. 1094 -98

³ As late as the close of the 19th century, there was a proverb popular in Rajasthan and other parts which said that the Jain Bania drunk filtered water while sucking unfiltered blood of the poor. The proverb gives an idea of the popular image of businessman in India

Kontaikatti Velalars (KVs) near Madras from entering into this domain. He finds that KVs prefer to continue as peasants, who are dominant in caste hierarchy in the region.⁴

The role of religious ethics in economic activities is one of the most important dimensions for entrepreneurship in any society, especially in Asian countries where religious values are embedded in occupational structure. We have discussed this point at length from Weber onwards. A clear picture is not emerging about the nature of relationship between religious ethics and entrepreneurship. Most of the scholars have criticized Weber's formulation, but no one has denied a link between religious ethics and economic behaviour. Milton Singer in his study of Madras entrepreneurs though talks of 'compartmentalization' between religious affair and economic behaviour, but role of caste in entrepreneurship is abundantly established by his findings. Lack of further studies in this regard for other parts of India is major hurdle to get an acceptable explanation.

The role of government, bureaucracy and political institutions is very important for a proper growth of entrepreneurship, particularly in the economically backward countries like, India. After Independence Indian Government has set a programme to accelerate the pace of industrial growth. For this, the Planning Commission has made the following objectives : Firstly, to encourage a balance growth of private and public sectors; secondly, to speedup the process of industrialization and entrepreneurship, and lastly, to involve entrepreneurs across caste and ethnic boundaries.

⁴ S.A. Burnett, 'The Process of Withdrawal in South Indian Caste' in M. Singer (ed.) *Entrepreneurship and Modernization of Occupational Cultures in South Asia*, Duke University Press, 1973

A number of studies of have indicated that heavy taxation system, complex licensing process, minute outlay for small scale industries, inefficient bureaucracy (red-tappism) are major hurdles in the development of entrepreneurship. A high level of motivation for achievement has been noticed, but corresponding support and patronage from responsible quarters including the state have not been coming forward. In a developing country like, India having a socially and culturally fractured part responsibility of the State in development of entrepreneurship became inevitably necessary.

BIBLIOGRAPHY

1. Acharya, Hemlata : 'Creative Response in Indian Economy: A Comment', Economic Weekly, Vol.-9, No. 16., 1957,
2. Anand, Satya Pal : 'Promises to Keep - Selection from Jawahar Lal Nehru', Publication Bureau, Panjab University, Chandigarh, 1975
3. Avasorathan, S. : 'Indian Merchants and their trading methods (Circa 1700)', in **The Indian Economic and Social History Review**, Vol-III, No. - 1, 1966, Pp.-85
4. Berna, J.J. : 'Industrial Entrepreneurship in Madras State', Bombay, Asia Publishing House, 1960
5. Brimmer, A F : 'The setting of Entrepreneurship in India' **Quarterly Journal of Economics** Vol-70, No.-4, Nov. 1955, Pp.-555
6. Brown, Hilton : 'Parry's Madras - A study of British Enterprise in India', Madras, 1954, Pp. 27-28
7. Burnett, S.A. : 'The Process of Withdrawal in South Indian Caste' in M. Singer (ed.) **Entrepreneurship and Modernization of Occupational Cultures in South Asia**, Duke University Press, 1973
8. Cadene, Philippe & Vidal, Denis : 'Webs of Trade', New Delhi, 1997 (Pp. 23-52)
9. Cantillon, Richard : 'Essai Sur La Nature Commerce en General' (1730), ed. and trans. by Henry Higgs, London, Frank Cass and Co., 1959 (Pp. 47-59)
10. Cochran, T.C : 'Entrepreneurship' in David L. Shills, (ed.), **International Encyclopaedia of Social Science**, Vol-5, The Macmillan Company and the Press, 1968 (Pp. 87-97)
11. Cochran, T.C : 'The Entrepreneur in Economic Change' in Peter Killby (ed) **'Entrepreneurship and Economic Development**, New York, The Free Press, 1971
12. Cohen, A. R. : 'Attitude Change and Social Influence', New York, Basic Books, 1964
13. Decks, John : 'The Small Firm Owner- Manager Entrepreneurial Behaviour and Management Practice', New York, Praeger Publisher, 1976, Pp. 60

14. Desai, A.R. : 'State and Society in India: Essays in Dissent', Bombay, Popular Prakashan, 1975,
15. Desai, A.R. : 'Paths of Development: A Marxist Approach', Bombay Popular Prakashan, 1984
16. Desai, I.P. : 'Understanding Occupational Change in India', Economic and Political Weekly, May 29, 1971 (Pp. 1094 -98)
17. Dube, S.C. : 'Indian Society', National Book Trust, 1990, Pp 84-85
18. Dutta & Sundharam : 'Indian Economy', New Delhi, S. Chand & Company, 1987
19. Estees, Richard : 'Trends in World Social Development the Social Progress of Nations 1970-87', New York; Paeger, 1988
20. Etzioni, Amitai : 'Modern Organizations', Prentice Hall, New Delhi, 1995
21. Frank, Harris : 'Jamsetji Nusserwanji Tata - A Chronicle of His Life', London, Oxford University Press, 1925
22. Gadgil, D.R. : 'Notes on the Rise of Business Communities in India', New York, 1951
23. _____ : 'Origins of the Modern Indian Business Communities - An Interim Report', New York, Indian Pacific Relations, 1959
24. _____ : 'The Industrial Evolution of India in Recent Times: 1860-1939', Delhi, Oxford University Press, 1971
25. Gerschenkron, Alexander : Review of "on the theory of social change : How Economic Growth Begins" in Economics, Feb 1965 (Pp. - 179)
26. Govt. of India : 'Report on Small-Scale Industries in India', The International Planning Team, Ministry of Commerce and Industry, New Delhi, 1955
27. Guha, A. : 'Comprador Role of Parsi Seths 1750-1850', Economic and Political Weekly, Vol. - 5, No. 48, 1970
28. _____ : 'Parsi Seths As Entrepreneur', Economic and Political Weekly, Vol- I, No. 35, 1970.
29. Gurvitch, Georges & Moore, W.E. : 'Twentieth Century Sociology', New York, 1945 (P. 596)
30. Hagen, E.E. : 'On The Theory of Social Change: How Economic Growth Begins', Illinois, Honewood, 1962

31. Hazelhurst, L.W. : 'Caste and Marchant Communities' in M.Singer and B.S.Cohen (ed.), **Structure and change in Indian Society**, Chicago, 1968, Pp. 285;
32. _____ : 'Entrepreneurship and Merchant caste in Punjabi City', Durham, N.C. Duke University, 1966, Pp. 15-19
33. Hedley, R. Alan : 'Narrowing the gap between the rich and the poor nations : A modest proposal', **Tansnational Perspectives**, 11 (2-3)
34. Herskovitz, H.J. : 'Man and His Works', New York, A.A.Knopf, 1952, Pp.-17
35. Hoselitz : 'A Sociological Approach to Economic Development' in D. Navak and R. Lekacharan (ed) **Development and Society**, 1964
36. Javillonar, G.V. & Peter, G.R. : 'Socialogical and Social Psychological Aspects of Indian Entrepreneurship', **The British Journal of Sociology**, Vol-24, No.-3, (Pp. 314-328)
37. Kapp, K.W. : 'Hindu Culture, Economic Development, Economic planning in India,' Bombay, Asia Publishing House, 1963, Pp.- 18
38. Killby, Peter : 'Entrepreneurship and Economic Development', The Free Press, New York, 1971
39. _____ : 'Hunting and heffalunp' in Peter Killby (ed) **Entrepreneurship and Economic Development**, New York, The Free Press, 1971
40. Kling, B.B. : 'The Origin of Managing Agency System in India', **The Journal of Asian Studies**, Vol. - XXVI, No. 1, Nov. 1966
41. Kunkel, J.H. : 'Society and Economic Growth: A Behaviouristic Perspective of Social Change', 1970
42. _____ : 'Values and Behaviour in Economic Development' in Peter killby (ed.) **Entrepreneurship and Economic Development**, New York, The Free Press, 1971
43. Lachaier, Pierre : 'The Merchant Lineage Firm and the Non-Invisible Hand : Pune, Maharastra', in Philippe Cadene & Denis Vidal (ed.) - 'Webs of Trade', New Delhi, 1997 (Pp. 23-52)
44. Lamb, H.B. : 'The Rise of Indian Business Communities', **Pacific Affairs**, XXIII, No.-2, June, 1955, Pp.-105
45. Lambert, R.D. : **Social and Psychological Determinants of Savings and Investments**, in Hoslitz, B.F. and Moore, W.E. (ed.) **'Industrialization and Scoeity'** Dean Haag, UNESCO, 1963

46. Leason, Walras : 'Elements of Pure Economics or the Theory of Social Wealth', London, George Allen and Union, 1954 (Pp.222-223)
47. Leibenstein, Harvey : 'Entrepreneurship and Development', **American Economic Review**, Vol.-58, No.2, May 1968
48. Lerner, Denial : 'Passing of Traditional Society : Modernizing the Middle East, Glenoece, Press, 1958
49. Levine, Robert : 'Dreams and Deeds : Achievement Mativation in Nigeria', Chicago, 1966.
50. MacIver, R.M. & Page : 'Society' London, Macmilan, 1953, Pp.-55
51. Mahadevan, R. : 'Entrepreneurship and Business Communities in Colonial Madras, 1980-1929: Some Observations', in D.Tripathi (ed.) **Business Communities in India**, Ahmedabad, Manohar, 1984
52. _____ : 'Pattern of Enterprises of Immigrant Entrepreneur: A Study of Chettiars in Malaya 1880-1930', **Economic and Political Weekly**, Vol-13, No. 4-5, 1978
53. Mandelbaum, D.G. : 'Society in India', Bombay, Popular Prakashan, 1972
54. Marshall, Alfred : 'Principles of Economics', London, Macmillan, 1890
55. McClelland, D.C. : 'The Achieving Society', New York, D. Van Nostrand Company, 1961
56. Meck, R.L. : 'Studies in Labour Theory of Value', London, 1956
57. Medhora, P.B. : 'Entrepreneurship in India' in **Political Science Quarterly**, Vol-LXXX, No.. 4, 1965 (PP. 559)
58. Mitra, A : 'Tribes and Castes of West Bengal', Alipors W.B. Government Press, 1953, Pp. 32-33
59. Moore, W.E. : 'Impact of Industry, Prentice Hall, New Delhi, 1965
60. ----- : 'Social Change', New Delhi, Prentice Hall, 1963
61. Morris, M.D. : 'Value as an Obstacle to Economic Growth in South Asia: A Historical Survey', **Journal of Economic History**, Vol XXVIII, No. 4, Dec, 1967, Pp. 588-607
62. Myrdal, Gurnar : 'Asian Drama - An Inquiry into the Poverty of Nations', London, Allenlane, 1968

63. Nafziger, E.W. : 'Class, Caste and Community of South Indian Industrialists: An Examination of the Horatio Alger Model', **Journal of Developmental Studies**, Vol. -II, No. 3, Jan. 1975
64. Ogborn : 'Social Change', London, Routledge and Kegan Paul, 1922
65. Owens, R.L. : 'Peasant Entrepreneurs in North Indian Industrial City' in M. Singer (ed.) 'Entrepreneurship and Modernization of occupational cultures in South Asia, Duke University Press, 1973.
66. Owens, R.L. & Nandy, A. : 'New Vaisyas', New Delhi, Allied Publications, 1977
67. Papanek, H. : 'Pakistan's New Industrialists and Businessmen : Focus on the Memmons' in M. Singer (ed.) 'Entrepreneurship and Modernization of Occupational Cultures in South Asia', New York, Duke University Press, 1973
68. Radinson, Maxime : 'Islam and Capitalism,' trans., London, Brain Pearce, Allen Lane, 1974
69. Raghunathan, N : 'Small is Beautiful', **Entrepreneurial Development**, Oct, 1989 (Pp. 27-29)
70. Rao, M.S.A. : 'Religion and Economic Development' in **Sociological Bulletin**, XVII, March 1969 Pp. 1-15
71. Redlitch, Fritz : 'Towards understanding an unfortunate legacy', **Kyklos**, XIX, 1966, (PP. 709- 716)
72. Richardo, David : 'Principles of Political Economy and Taxation', London, J.M. Sent, 1933
73. Rostow, W.W. : 'The Process of Economic Growth : A Non-Communist Manifesto', Cambridge University Press, 1953;
74. Saberbal, Satish : 'Mobile Men : Limits to Social Change in Urban Panjab', New Delhi, Vikash Publishing House, 1976
75. Saumelson, K. : 'Religion and Economic Action', trans, Stockholm, 1961, Pp.. 21-22
76. Saveezy, M. Paul : 'The Theory of Capitalist Development', New York, 1951, (Pp. 42-44)
77. Say, J.B. : 'A Treatise on Political Economys', New Yark, Kelley, 1803, (PP. -295)

78. Say, J.B. : 'Catechism of Political Economy', London, Sherwood, 1815, (PP. 28 -29)
79. Schumpeter, J.A. : 'The Theory of Economic Development', New York, Oxford University Press, 1967, Pp. 85-89
80. ----- : 'The Fundamental Phenomenon of Economics and Development' in peter killby (ed) Entrepreneurship and Economic Development, New York, The Free Press, 1971
81. ----- : 'Business Cycles', Vol-I, New York, McGraw Hill, 1939, Pp. 35-45
82. Sharma, K.L. : 'Changing Aspects of Merchants, Markets, Money lending and Migration : Reflection Based on Field Notes from a Village in Rajasthan', in P. Caden and D. Vidal (ed.) Webs of Trade, New Delhi, Manohar, 1997
83. ----- : 'Entrepreneurial Growth and Industrial Development Programmes in Punjab and U.P. - A Comparative Study of Small Entrepreneurs', Department of Economic and Sociology, Punjab Agriculture University, Ludhiana, 1976
84. ----- : 'Entrepreneurial Perfomance in Role Perspective', New Delhi, Abhinav Publication, 1975, Pp.- 7
85. Sharma, K.N. : 'Resources Network and Resource Groups in the Social Structure', **Eastern Anthropologist**, XXII, Jan. - April, 1969, Pp. 13-28
86. Sharma, R.A. : 'Entrepreneurial Change in Indian Industries', New Delhi, Sterling Publication Pvt. Ltd., 1980
87. Singer, Milton : Review of 'The Religion of India' by Max Weber, **American Anthropologist**, Vol-LXIII, 1961, Pp. 143-151
88. ----- : 'When Great tradition Modernizes', New York, Praeger Publication, 1973
89. Singh, Pritam : 'Escay concerning Some Types of Entrepreneurship in India', Univiersty of Michigan, 1963, Pp. 18-22
90. Singh, Sheobahal : 'Entrepreneurship and Social Change', Jaipur, Rawat Publication, 1985
91. Singh, Yogendra : 'Modernization of Indian Tradition', New Delhi, Thompson Press, 1973
92. Smith, Adam : 'An Enquiry into the Nature and Causes of the Wealth of Nations', Vol-I, London, G. Bell & Sons, 1912, Pp 262-264

93. Spodek, Haward : 'Traditional Culture and Entrepreneurship - A Case Study of Ahmedabad', **Economic and Political Weekly**, Vol.-4, No.-8, 1969, Pp. M27-M30
94. Srinivas, M.N. : 'Mobility in Caste Ssystem', in M. Singer and B.S.Cohen (ed) **Structure and Change in Indian Society**, Cicago, Aldine Pubicing House, 1968, Pp. 189-199
95. Timberg, T.A : 'The Marwaris : From Traders to Industrialists', New Delhi, Vikash Publishing House Pvt. Ltd., 1978
96. Tripathi, Dwijendra : 'Indian Entrepreneurial Historical Perspective : A Re-interpretation', **Economic and Political Weekly**, Vol.-6, No. 22, 1971
97. Turner, B.S. : 'Weber & Islam : A Critical Study', London, Routledge and Kegan Paul, 1974
98. Weber, Max : 'Protestant Ethic and Spirit of Capitalism, London, Allen & Unwin, 1948;
99. ----- : 'The Religion of India :The Sociology of Hinduism and Budhism', translated and edited by Hans H. Gerth and Don Martiadale Glencoc, The Free Press, 1978
100. Young, F.W. : 'A Macro-sociological Interpretation of Entrepreneurship' in Peter Killby (ed.) **Entrepreneurship and Economic Development**, New York, The Free Press, 1971