

## **A DESCRIPTIVE STUDY OF PRE- AND POST-INDEPENDENCE ERA OF ENTREPRENEURSHIP DEVELOPMENT IN INDIA**

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### **Abstract:**

Empirical evidence always proved that the entrepreneurship and economic growth are positively correlated. While several reasons tend to consider that causality runs via '*Growth to Entrepreneurship*', this descriptive research study shed light on not only theoretical justification but also empirical evidence that prove the reverse, i.e '*Entrepreneurship to Growth*'. Recent progressions in the expanse have been put forward to make it more beneficial.

**Keywords:** - *Entrepreneurship, Growth, Development.*

### **Introduction**

Entrepreneurship has a two-fold role. One is the process through which new and innovative ideas are transformed into new productive businesses whereas the second is the process of revealing and availing marketplace information. However, as per the earlier research, the later one never received deserved attention and been emphasized. According to the Acs et al, who developed the theory of '*Entrepreneurship and Growth*', entrepreneurs take advantage of knowledge spillover from well-established firms to fabricate useful innovations. The well-established firm's research and development team produce more 'knowledge' (ideas, innovationsetc) than what they actually use. They pursue a few of them and ignore the remaining. In this theory, the entrepreneurs pick up the ignored ideas and that's how they produce the 'extra' entrepreneurial growth, which might have not been achieved by appointing a new research team. Other agents i.e entrepreneurs, banks etc use this unused information for updating their expectation about viability of these projects. Since these expectations are filtered and refined, the probability of choosing a better project is higher and the chances of failure are lower. The perceived risk element of the projects declinesbanks, or any investment company tend to invest more. This entire process creates a scenario where businesses invest more, hire more resources, and ultimately produces more innovation which is nothing but a world of economic growth through entrepreneurship.

For Policy makers, entrepreneurship is considered as one of the key mechanisms for uplifting the nation's economic growth and development, especially in the regions where it was vigorous earlier but lagging at present. Entrepreneurship also treated as relatively a non-controversial source for employment generation and improving per capita income.

Economic growth does not occur spontaneously, it demands the active participation of all sectors which generate employment, entrepreneurship is one of these and next to agriculture.

### **Conceptual Framework of Entrepreneurship**

#### **i) Entrepreneur**

The word entrepreneur originated from the French word '**Entreprendre**' and the German word '**Unternehmen**'. Both of which means "**To undertake**". Earlier, there was no substitute or equivalent word to explain the term entrepreneur in English language. *ad venture*, *undertaker*, and *projector*, these three words were being used as an alternative to express the term 'entrepreneur' but lacked both the precision and scientific expression. (Gopakumar 1995). However, the earliest attempt with economic concept and context was traced in 18<sup>th</sup> century.

"Entrepreneur represents an individual or a group of individuals who conceive, initiate and maintain for a long period of time a social institution which produces economic goods or who perceive a business opportunity and create an organization to pursue it." (Cole 1968)

Entrepreneurs are considered responsible for shaping the economic destiny of the nation by generating wealth as well as employment. Offering both products and services, generating revenues for the government in the form of taxes etc. all these activities are closely linked with the economic growth of the country. Conversion of innovative ideas into economic opportunities, is one of the major ways of maintaining competitiveness in this rapidly globalizing world economy.

An individual with knowledge, skills, innovative spirit and who aims at goal achievement is known as an entrepreneur. He is the one who possess the skill of opportunity identification and transforming them into the economic/financial benefits.

### **ii) Entrepreneurship**

The term Entrepreneurship can be defined as the study of, "how, by whom and with what consequences opportunities to produce future goods and services are discovered, evaluated and exploited" (Shane and Venkataraman, 2000). However, there is a scope for argument. The research has merely focused on the discovery, exploitation, and its consequences without paying much attention towards the nature and emergence of the opportunity itself.

### **iii) Entrepreneurship Development**

Entrepreneurial development is a systematic and an organized development of a person to an entrepreneur. The development of an entrepreneur refers to inculcate the entrepreneurial skills into a common person, providing the needed knowledge, developing the technical, financial, marketing, and managerial skills, and building the entrepreneurial attitude. Entrepreneurial development programs may be defined as a program designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively.

## **Research Methodology**

The research is exploratory/ descriptive in nature. The researcher relied on trustworthy secondary data published and made available through the printed and electronic media ranging in different time periods regarding entrepreneurship.

## **Objectives**

To study the various attributes (Psychological and Physical) of an entrepreneur. The focus is on how the personality traits influence or impact the formation of new organizations.

1. To study the various progressions of entrepreneurship.
2. To identify the influence of progressions on the business venture.
3. To compare between pre- and post-independence era of entrepreneurship and study the current scenario of entrepreneurship.

### **Data Collection**

The researcher relied on trustworthy secondary data published and made available through the printed and electronic media ranging in different time periods regarding entrepreneurship.

### **Limitations of the study**

The researcher is aware enough that the success of the venture is not fully dependent on the theoretical facts presented in the study. There is always a slight line of difference between theoretical and practical implications of entrepreneurship. Despite of this fact, the researcher takes an effort to focus on both pre, post and current scenario of entrepreneurship.

### **Entrepreneurship Development in India**

#### **i) Pre-independence Era**

The emergence of entrepreneurship in India was appeared in Rig Veda as metal handicraft was widely used by then. This indicates that in India, the handicraft entrepreneurship is probably equally old as human civilization. Prior to British rule and independence, India was a self-sufficient and prosperous economy. Agriculture was in fact is one of the main sources of livelihood along with different manufacturing activities. The country gained fame in the global market because of its command over handicraft industries which includes fabrics like silk and cotton along with metals and various precious stoneworketc (Gupta and Das 2002). However, the British colonial government aimed and focused more on protecting, promoting their home country's economy than developing the Indian economy and hence they formed the economic policies considering their interest. As a result of these policies, the country transformed into a supplier of raw materials and a consumer of industrial products imported from Britain. It not only suppressed the Indians from fostering the industrial expansion but also hindered the Indian capitalist class's growth. The per capita income remained stagnant, perhaps declining over the whole long period (Mohan, 2006), whereas unemployment compounded significantly.

The artisans, farmers and religious priests were a part of the village community. Royal patronage helped the artisans to uplift and flourish their businesses and eventually during 18<sup>th</sup> century, the crafts gained popularity worldwide because of its art, quality, and durability. This handicraft industry started declining in late 18<sup>th</sup> century because-

1. Disappearance of many royal patronages,
2. Biased attitude of British Colonial,
3. Reduction in export to England and other countries due to heavy duties,
4. Import of substitute products at a cheaper rate from England,
5. Change in habits and taste of Indian's lifestyle.

After the World War I, the second wave of entrepreneurial growth was emerged. The Indian government succeeded in both establishing and extending modern industries in the form of textile mills producing cotton and jute, also steel and iron industries to which the British colonial government never supported. Despite of obstructions and no financial support from the British government, many pioneering private business houses flourished their businesses and earned huge profits. Few of them are Jamshedji Tata, G.D.Birla, Lala Sriram, Walchand Hirachand.

### **ii) Post-Independence Era**

Soon after India's independence in 1947, with the aim of balanced and inclusive growth, the government introduced the First Industrial Policy in 1948 which was being revised at regular intervals. The policy emphasized not only on achieving continuous increase in the production but also safeguarding equitable distribution. The resolution categorized the industries into four sections (GoI 2002; P. No 146)

1. Exclusively owned by the government which included atomic energy, Arms and ammunition, Railways etc. and if emergencies occur, any industry crucial for national defense.
2. Key industries, e.g., Aircraft manufacturing, coal, iron, steel, ship building, communication equipment etc. Exclusive responsibility of these industries was taken over by the state government. The undertakings promised for the reasonable expansion for a tenure of ten years.
3. 18 specified industries were to be subject to the government's control and
4. Regulation in consultation with the then provincial governments.
5. All the remaining industries were left open for private sector. However. Government can intervene or participate if needed.

### **iii) Current Scenario**

India ranked third, worldwide, after USA and China as far as '*Start-up Environment*' is concerned. The country listed 57<sup>th</sup> in the Global Innovation Ranking. Bengaluru, a city in southern part of India became the world's 3<sup>rd</sup> strongest start-up location. 1200+ companies were being introduced in just a year's tenure of 2018. The advanced tech start-ups have been increased by 50 percent.

India, a fastest growing significant market is backed up by a secured economy with not only decreased interest rates but also financially improved balance. A positive movement in the perceived capacity of entrepreneurship has been noted. According to GEM Report 2020, Indians entrepreneurial capability have been increased from 42.1% (2017-18) to 52.2% (2018-19) Every year, the World Bank publishes "**Doing Business Index**" for 190 countries. The ranking is based on a bunch of 10 different parameters covering various characteristics of the business cycle. India is one of these 190 countries to be surveyed. Mumbai and Delhi based firms and businesses were surveyed on these parameters before issuing the rankings. The rankings for three consecutive years from 2018-2020 are mentioned below.

Drastic improvement in India's ranking in 'Ease of doing Business' has been noticed since 2014 (142<sup>nd</sup> rank) and one of the highest improver economies in both South Asia and among the BRICS nations.

<b>Reforms</b>	<b>Year-wise Ranking</b>			
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Starting a business	156	137	136	136
Dealing with Construction permits	181	52	27	27
Getting credits	22	25	25	25
Protecting minority investors	7	13	13	13
Paying taxes	119	121	115	115
Trading across borders	146	80	68	68
Enforcing contracts	163	163	163	163
Resolving Insolvency	103	108	52	52
<b>Overall Ranking of the year</b>	<b>100</b>	<b>77</b>	<b>63</b>	<b>63</b>

Source: - World Bank's Doing of Business Reports 2018-21

The table above depicts the rankings of India as far as entrepreneurial development is concerned. The country is witnessing that the changing entrepreneurial motivation is driven more by opportunity than necessity among the nascent entrepreneurs. However, new businesses in India are equally run by necessity as well as opportunity. The rank has improved over the years which is an encouragement for the new and potential entrants. The improvement in the rankings is attracting new entrants and also the efforts and corrective actions initiated by the government for uplifting the economy like India which is large and complex in size and mainly agrarian in nature.

### **GoI's support for Entrepreneurship Development**

Government of India has widened and still widening the spectrum of different training, programs and offering opportunities across various sectors of the country. To name a few programs run by GoI are, Stand-up India, Start-up India, women entrepreneurship programs, Digital India, schemes for underserved section etc. Incubation support and science parks producing new platform for creative and innovative start-up ideas. The launch of single-window facility by the government bought ease for the entrepreneurs and thereby offered new possibilities to them.

These schemes and programs are designed for the sections ranging from academia, University- based students, underserved section, women entrepreneurs, new entrants, investors, disadvantaged groups, non-governmental organization etc. It has been ensured that each policy initiated and designed to enable equal opportunities to everyone.

### **Conclusion**

The Government of India instituted several policy measures and undertaken various initiatives for inculcating, fostering, and reviving entrepreneurial spirit nationwide. Employment

generation is one of the major challenges standing in front of developing countries like India. However, India is blessed with a very versatile and unique demography and has tremendous potential for innovation, creating entrepreneurs and ultimately generating employment at both national and international platforms.

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