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Emergence of an Entrepreneurial Class

The emergence of an entrepreneurial class in India is a gradual process, shaped by historical developments and economic reforms. Ancient trade and the Mughal era saw Indian goods flourish globally, while the British era saw a shift towards discouraging Indian manufacturing. Post-independence, the government played a role in supporting small industries, and the economic liberalization of 1991 further fueled entrepreneurial activity. Today, India boasts a growing number of entrepreneurs, particularly in technology-driven sectors, and women are also increasingly participating in this trend.

Historical Context:

Ancient and Mughal Periods:
Trade was a prominent feature of ancient India, with the Harappan civilization and later empires engaging in commerce. The Mughal period saw Indian goods gain global prominence.

British Rule:
The British East India Company and subsequent British rule actively discouraged Indian manufacturing and industry to promote their own goods, leading to a decline in indigenous industries.

Post-Independence:
Following India's independence, the government implemented policies to promote small-scale industries and entrepreneurial development. However, strict regulations initially hampered growth.

Key Turning Points:

1991 Economic Reforms:
The economic liberalization of 1991, with its focus on deregulation and opening up to global markets, played a crucial role in boosting entrepreneurship. This allowed for greater market access and competition.

Government Initiatives:
Various government schemes and initiatives have actively encouraged and supported entrepreneurs, particularly in the small and medium-scale sectors.

Modern Trends:

Technology-Driven Growth:
A significant trend in recent years is the rise of technology-based startups and businesses. The internet and digital technologies have provided new avenues for entrepreneurship, particularly for women.
Women Entrepreneurship:
Women are increasingly establishing their own businesses, playing a vital role in India's economic growth.
Global Entrepreneurship:
Indian entrepreneurs are increasingly participating in global markets, expanding their reach and influence.

Challenges and Opportunities:

Funding:
Securing adequate funding remains a challenge for many entrepreneurs, with options ranging from bank loans to angel investors and venture capital.
Business Acumen:
Lack of experience and knowledge in running a business can also be a hurdle.
Evolving Landscape:
The entrepreneurial landscape in India is constantly evolving, with new opportunities and challenges emerging in various sectors.

Emergence of Entrepreneurial Class in India

Evolution of the entrepreneurial class in India relies on generational mentoring, family business skill set, and exploration of technological progress. The know-how of skills, learned and refined over generations, leads to sustained development that is then converted into technology. Inheritance is one aspect that plays a major role in skill development. The transformation of skill into a technological component paves the way for successful entrepreneurship. The spark initiated through inherited skill sets and ignited through the addition of technology results in useful entrepreneurial value.

The emergence of Indian entrepreneurship can be traced back to even as early as Rig-Veda, when metal handicrafts existed in the society. This would bring the point that handicrafts entrepreneurship in India was as old as the human civilization itself. Before India came into contact with the foreign rulers, people were organized in a particular type of economic and social system of the village community.

The ethnic diversion consisted of workers, farmers and artisans in India. The compact and self-reliant system of village community effectively protected village artisans from the onslaughts of external competition. Organized industrial activities had been observed in a few recognizable products in the cities of Banaras, Allahabad, Gaya, Puri and Mirzapur which were established on their river basins, very possibly, because the rivers served as a means of transportation facilities. The workshops called 'Kharkhanas' came into existence. The craftsmen were brought into an association pronounced as 'guild system'.

A brief historical timeline of the emergence of the entrepreneurial class in India can be identified as per following:

1. The Entrepreneurial Class in Ancient India (Before 1850)

Even in 2700 BC during the Harappan civilization internal and external trade was prevalent. Moving onto Iron age, Vedic age, Nanda dynasty, Magadha empire and Mauryan empire trade was widespread and overseas trade was also done. Medieval India trade was heavily done by the Delhi sultanate and later on by the Mughals. Mughals used to trade with the Arab countries, Persia, and Egypt. They imported silver from Japan, horses from West Asia and gold from the East Indies. They traded with Europe and China also.

Indian society, prior to the Muslim and British rule, was confined to villages with its base in the rural economy. A village, or at the most, a group of adjacent villages within a particular area was the primary object of focus. This was due to minimalist demands of the people. The nature of consumption, therefore, was far less diversified, in comparison to that during the later periods. This self-sufficient characteristic of the rural society & economy, in fact, protected the artisans from external pressures of competition. In view of this situation, manufacturing activities were localized and less specialized. They continued to remain at a nascent stage for long and the situation was more or less uniform all over the subcontinent.

Guilds became an increasingly important factor in urban life, both in their role in organization of production. Artisans, being unable to compete with the guilds in their individual capacity, had no alternative but to join them. Besides, the Guilds offered general security and social status. Guilds, like present day companies, had to register in a particular locality and had to take prior permission from the authorities in order to shift their location. Artisans of different crafts formed different Guilds. There were Guilds of potters, metal workers, carpenters, and so on. To cope with the demand for certain commodities, Guilds had to, at times, hire labour and slaves. Manufacturing activity took place in areas where raw material was easily found, or where there was a tradition of a particular craft. Artisans migrated to these areas from the surrounding places. This was more so especially with the spinning and weaving of cotton and silk. Guilds also played the role as centers of technical education. Besides imparting knowledge related to a specific craft, it also improved upon it. Though the Guild leaders were powerful figures in urban life they did not cherish political ambitions. Ancient India was known across the world for its affluence and wealth. India's prosperity attracted communities across boundaries. Traders from all over the world travelled to India to take part in this affluence. Be it the Mughals, the Portuguese, the Turks or the British – all of them ventured into Indian boundaries for their financial reasons Turk Mughals settled down in India and shared its prosperity. They bought currency with them and disrupted the barter system. Britishers managed to acquire power and became the ruler of India. The British Wanted to offload surplus supply, due to their industrial revolution, in India to balance the demand and supply situation in the U.K. They discarded manufacturing in India, sent raw materials like cotton, oilseeds, etc., to the UK for conversion and value addition thus transferring wealth to their country.

Indian trade prospered during the Mughal period and Indian products were in huge demand in Britain starting from 1600. Between 1700 and 1720, the British government revised its custom regulations twice to discourage demand for Indian goods. This phase continued up to 1757 when the East India Company captured parts of Bengal. With the arrival of the British in India trade was hit as they implemented policies which discouraged indigenous industry. The British administrators transported the raw material to Britain and discouraged indigenous manufacturing to allow the British products to find a market in India.

2. Entrepreneurial Class in Modern India - Pre-Independence Period

By 1858 Britain had the entirety of India under its rule. It exploited our natural resources and used our population as the customers of its goods. It deliberately kept the economic development of the country in poor shape. There has been a long-standing debate among economic historians regarding the slow pace of industrialization in the subcontinent. One of the main points of inquiry is the very unsatisfactory pace of progress of the native entrepreneurs and the rapid strides in progress by their western counterparts. The problem was essentially because of lesser demand for factory produced products. There was not much dearth of entrepreneurship, resources, technology and other requisite input factors as it was the dearth in demand. There were instances of entrepreneurs who were capable of mobilizing resources and setting up industries but they failed miserably because of lack of demand for their products. There was, in fact, under-utilization of available resources. To produce commodities at a cheaper rate the kind of mass scale production that was required was not possible in India because its entrepreneurs did not have access to a broad-based international market as were their western counterparts. India did not have sufficient entrepreneurship, funds and resources. There was a lesser demand for factory produced products. Backward organizational and technological structure was a severe constraint for industrial growth. The extreme difficulties in arranging resources, machinery & equipment, technological know-how, skilled labour used to factory mode of production, managerial expertise, and finding out channels of market were considered to be heavy deterrents for the native entrepreneurs. It was no easy task to get machinery and technological know-how from abroad and adapt it to the prevailing Indian conditions, train persons without any institutional set up, provide power and meet other complementary imperatives. Under such circumstances there was greater need for both fixed and working capital while capital itself was costly. All these together were bound to make the finished product excessively expensive, leaving the entrepreneurs unable to compete with their foreign counterparts. Despite all of these hurdles Indian entrepreneurs like Jamset ji Tata, GD Birla, L.R. Kirloskar, and Jamnalal Bajaj started ventures, which not only succeeded but also encouraged other Indian entrepreneurs. The Swadeshi movement also encouraged consumption of Indian goods and these industries. A brief detail of setting up of the Indian mills / enterprise before independence:

- In 1854, a Parsi businessman Cowasji Dower set up the first Cotton Textile mill in India.
- In 1868, Jamsedji Tata set up the Tata Group.
- In 1874, Jamsedji Tata set up a cotton mill called the Empress mill in Nagpur. • In 1880, Wadia set up a cotton mill in Mumbai.
- In 1888, Lakshman Rao Kirloskar founded the Kirloskar group.
- In 1907, Dorabji Tata set up Tata Iron and Steel Company (TISCO) in Jamshedpur, Jharkhand.
- In 1919, the first jute mill was set up in Calcutta by Birla.
- In 1926, Jamnalal Bajaj set up the Bajaj Group.
- In 1932, JRD Tata set up the Tata Airlines, the first civil aviation company in India.
- In 1945, TELCO (Tata Engineering and Locomotive Company) and WIPRO were set up.

In 1920, when raw materials could not be sent to England due to World War-1, they were encouraged to set up more factories in India by the British. In this period, the prime founder entrepreneurs of India were G.D. Birla, Jamnalal Bajaj and JRD Tata. The Birlas established themselves in Eastern and Central India. Juggilal Kamlapat Singhania emerged into Province at Cawnpore (Kanpur) by initially setting up cotton mills and industries producing gur, oil, flour, and sugar. Another contemporary, the Dalmias, set up sugar mills and later they gained enough strength to diversify into other fields. Walchand Hirachand Doshi, founded the Walchand group. He established India's first modern shipyard, first aircraft factory and first car factory. He founded the Scindia Stream Navigation Company in 1919 along with Kilachand Devachand and Narottarn Morarjee. F.E. Dinshaw is known for his entrepreneurial acumen. In Delhi, Lala Sri Ram, the leader of the large business group, founded the Delhi Cloth and General Mills along with a large number of sugar mills. Dr. G.C. Narang led the Narangs who later controlled a large number of sugar mills. In the south, the Nattukottai Chettiars were involved in industrial enterprises. In Bengal, the National Tannery was started by Nilratan Sarkar. Dr. P.C. Roy is considered as the founder of Bengal Chemical and Pharmaceutical works.

3. Entrepreneurial Class in Modern India - Post-Independence Period (After 1947)

India's economic development strategy after independence is based on the Mahalanobis model, giving preference to the mining, agriculture, and investment goods sector. Pt. Nehru wanted to develop the Indian economy on the lines of the Soviet Union's socialist structure. He favoured that the state should control every aspect of the economy. In 1956, the Industrial policy was released. Between 1960 to 1980, the country's economy reeled under the "licence raj" and a corrupt bureaucratic system. Despite the hurdles, Dr. Verghese Kurien came up with the world's first buffalo milk powder plant in Anand, Gujarat in 1955. In 1957, Dr. Verghese Kurien founded AMUL (Anand Milk Union Limited) in Anand, Gujarat. In 1966, Dhirubhai Ambani set up Reliance Textile Industries Pvt. Ltd. In 1991, Dr. Manmohan Singh brought about huge economic reforms in terms of liberalisation. The economic focus changed from an agro based economy to an industrialized one. With LPG (Liberalisation, Privatisation, Globalisation) the barriers for entrepreneurial development diminished leading to growth of the entrepreneurial class. The Industries Development and Regulation Act of 1971 was abolished in 1991. The sociological conditions have played a role in entrepreneurial development in the country. Modern business class mostly came from the social communities that were traditionally involved in trading, finance and handicraft activities in different geographical areas. The three Indian communities which entered the entrepreneurial field were the Parsis, Gujaratis and Marwaris. The rise of the Indian entrepreneurial class has been emphasized by the entry of Parsis (ship builders), Gujaratis (traders) and Marwaris (money lenders) into the manufacturing sector. Industrial bourgeoisies developed in India from merchants and moneylenders. The entrepreneurial class in India has completed a long journey. Factory-based production in India has leaped a long way through cotton, jute and coal as the traditional fields constituting the history of industrialization in India. Even during British rule Indian entrepreneurs grit made Mumbai 'the Manchester of the East'. Some of the Current Indian Entrepreneurial footprints are Dilip Sanghvi, Mukesh Ambani, Azim Premji, Kiran Mazumdar Shaw, Indira Nooyi, Narayan Murthi, Binny Bansal, Sachin Bansal, Ritesh Agarwal, etc.

To stimulate the emergence of entrepreneurial class in India Ministry of Micro, Small and Medium Enterprises, is initiating entrepreneurship development programs with the help of various organizations, viz., Small Industries Development Organization (SIDO) New Delhi and National Small Industries Corporation (NSIC) New Delhi and the three national-level Entrepreneurship Development Institutes NIESBUD in Noida, IIE in Guwahati and NI-MSME in Hyderabad. A National Commission for Enterprises for Unorganized Sector (NCEUS) has also been set up in New Delhi. The government has also formed the Ministry of Skill Development and Entrepreneurship in 2014.

Landmarks in the Emergence of the Entrepreneurial Class in India

One can mark the following events as landmarks in the emergence of the entrepreneurial class in India

1. 1907- the setting up of the Tata Iron and Steel Company by Dorabji Tata led to more such enterprises by other Indian entrepreneurs.

2. 1991- Adoption of policies of Liberalization, Privatization and Globalization (LPG) led to lesser barriers for business activities and provided a better atmosphere for entrepreneurial activities.

3. 1995- The internet became the tool in the hands of the educated youngsters to realise their entrepreneurial dreams easily. Companies like Oyo rooms, Flipkart, Paytm, Limeroad, Jio, Menstrupedia, Zivame and many more are all aided by the power of the Internet.

4. 2000- Indian Entrepreneurship took great leap in the global market entering in to Service Sector specially in IT, BPO, Bio Technology, hospitality etc.

5. The period since 2014 has seen drastic changes in policies and regulatory scenarios in India. Bold moves such as ‘Demonetization’, ‘Make in India’, ‘Digital India’, ‘FDI Policy’ and ‘GST’ etc. have changed the business and entrepreneurial landscape of the country.

Entrepreneurship thrives in a conducive environment that facilitates the growth of the country. The basic societal needs remain the same while the trends change form with the advent in technology. This requires the conversion of the time-tested skills through adaptation of the technological exponent in the changing societal trends. It is crucial for an economy to have entrepreneurs since they do not seek jobs but are the job creators for the rest of the people. With the right support, India’s entrepreneurship story can lead to its economic growth as well as the prosperity of its people.

Reasons for Slow Growth of Entrepreneurship in Indian

It is found that the growth of Indian entrepreneurship is rather slow. There are many reasons for this slow process. The cunning rule of the British is the first reason. The second reason is the underdevelopment of the country. A weak economic infrastructure, like the one that prevailed in ancient India, was capable of offering little or no inducement for a major entrepreneurial breakthrough to those who were al-ready in business. India is not yet recognized as a developed country.

Commenting on Hindu education in about 1000 A D, Al-Beruni said that the Hindu people kept themselves aloof from the outer world and were ignorant of the arts and sciences of the West. The situation was still the same 800 years later. The educational system reinforced the occupational structure as it was sanctified in the caste system. Also, the business was held in low esteem in India throughout the period. Kautilya's belief that, “a businessman was a thief but was not called so", seemed to have become a commonly held view in later years. Again, it was not tempting enough for non-commercial classes to give up their traditional professions.

Another difficulty which the Indian entrepreneurs have to face is the difficulty of lack of demand from the people. The Indian people are very poor. They hardly can meet their day-to-day needs as with their small incomes, they cannot save anything. so, the situation of market places in India becomes very precarious. The entrepreneur in India does not have any demand for new articles which he is able to present in the market. They have to use their personal relations in creating the demand for their products and then they use their relations to keep the demand constant.

Causes of Slow Growth In India

The growth of industrial entrepreneurship has been very slow. The main reasons for delayed growth are as follows:

1. British Rule: Colonial policy of plunder delayed the industrial development of the country. British policy created adverse psychological conditions and Indian initiative was discouraged. Alien rulers wanted to serve the British interest by keeping India as a supplier of raw materials to British industries and market for British goods.

2. Lack of Social Mobility: Indian society was based on a rigid caste system. Indian craft which was the main form of entrepreneurship was hereditary. Caste system and joint family system restricted social and geographical mobility. In the absence of mobility, there was little scope for the expansion of entrepreneurship. The hierarchical Indian society had internal constraints and contradictions.

3. Shortage of Capital: This is a common feature of underdeveloped countries like India. Modern industry requires greater capital per unit of operation than agriculture and other commercial activities. Therefore, the supply of capital proves insufficient even in the least capital-intensive industries.

4. Underdeveloped Capital Market: Securities market and banking system in India was not well developed before independence in the absence of a sound institutional framework, private investment in industry could not be attracted. Banks financed mainly British trade and industries. Indian entrepreneurs were deprived of funds. Lack of banking support hindered the growth of Indian enterprise.

5. Agrarian System: Before the arrival of the Britishers, there existed a self-sufficient agricultural and rural economy in India. Indian handicraft flourished due to closer ties between handicraft and agriculture. The community served as the unit of production. Imposition of land tax destroyed the community system and peasants lost their economic independence. They were forced to produce according to the dictates of zamindars and money-lenders. Independent professions like craft were damaged and entrepreneurship reached a point of stagnation.

6. Decline of Indian Crafts: Before the advent of the British, craft was the primary form of enterprise in India. Entrepreneurial activities were based on various types of crafts such as handicrafts, Woodwork, brass-wares, etc. Establishment of colonial rule destroyed the Indian crafts. India became a market for British goods and a supplier of cheap raw materials. Destruction of crafts stopped the growth of craft-based entrepreneurship.

7. Lack of Infrastructure: Colonial governments did not develop the required infrastructure for the development of heavy and basic industries. No activity for independent economic development was undertaken. Lack of infrastructure and Government support discouraged Indian entrepreneurs to start manufacturing activity.

8. Custom Barriers: Very high (70 to 80 per cent of value) customs duties were imposed on Indian goods to protect British industry. Preferential duties made British goods cheaper in the Indian market. As a result Indian goods could not compete with British goods. Therefore, Entrepreneurial initiatives of Indians were killed.

9. Shortage of Skilled Labour: In the absence of well-developed educational and training facilities, there was shortage of technical and skilled labour. Necessary technology for modern industry was not available within the country.

So, there are many reasons for the slow growth of entrepreneurship in India. This does not mean that no entrepreneurial development has taken place in the country. In spite of the difficulties and international situation, the Indian entrepreneurs are heading towards growth. Off late, the scenario has changed and entrepreneurship has been continuously on rise. It is necessary to appraise the work done by Indian entrepreneurs. They have tried their level best to use the available resources in the best way.

There is no problem regarding manual labour in India. Unskilled labour is plenty and it is cheaper too. But it has become rather troublesome to acquire the perfect site for new business. The Government of India has taken good steps in providing perfect sites to entrepreneurs, like the National Industrial Development Corporation (NIDC). Small scale industry is another device for development of Indian entrepreneurship. These industries are helpful in providing the needs of regional people. Small scale industries and cottage industries provide work to the village people and they fulfil their needs.

In India, entrepreneurship is considered as self-employment. Growth of entrepreneurship can be looked upon from the point of solving the problem of educated unemployed people. The government is taking keen interest in providing training, finance and all the other important facilities to these young men and is trying to help them to become future industrialists. These budding entrepreneurs can cover themselves into big industrialists and provide employment to hundreds of needy people. India still needs innovating entrepreneurs as they are expected to satisfy the needs of their customers.