

## “PRE AND POST INDEPENDENCE ENTREPRENEURIAL DEVELOPMENT AND CULTURE IN INDIA”

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### **Abstract:**

The entrepreneurship movement in India began in the 1960s with the establishment of the National Institute of Small Industry Extension Training (NISJET) which was the first institution to develop an Entrepreneurship Development Program (EDP) model in India now the institute becomes a National Institute for Micro, Small and Medium Enterprises in 2007. At present, Ministry of Agro and Rural Industries and Ministry of Small Scale Industries merged in to a single Ministry “Ministry of Micro, Small and Medium Enterprises” Under this ministry, the following organizations, institutes and commissions are responsible for promotion of entrepreneurship culture and small-scale enterprises in India: Small Industries Development Organization (SIDO) established in 1954; and National Small Industries Corporation (NSIC) established in 1955. Besides, there are three national-level Entrepreneurship Development Institutes at Hyderabad, Noida and Guwahati. A National Commission for Enterprises for Unorganized Sector (NCEUS) has also been set up recently by the Government with headquarters in New Delhi. Recently, Government of India formed the Ministry of Skill Development and Entrepreneurship in 2014. The Ministry is responsible for co-ordination of all skill development efforts across the country. It aims to Skill on a large Scale with Speed and high Standards in order to achieve its vision of a 'Skilled India'.

The purpose of this paper is to explain the entrepreneurial cultural scenario from pre independence to present. In this back drop the researcher defined the entrepreneurial culture development since independence and also highlighted the Government of India's initiatives to promote the entrepreneurial culture in India.

**Key words:** Entrepreneurship, Scenario, Promotion, Entrepreneurial culture and Institutes.

### **Introduction**

Entrepreneurship gives young people an opportunity to work on their own skills and interests and in the process, creating their own employment. Encouraging entrepreneurship in young people is an important way of harnessing their enthusiasm, energy and ambition to contribute to economic development. It is generally accepted that entrepreneurs “create jobs, increase innovation, raise competition and are responsive to changing economic opportunities and trends. Young entrepreneurs can also act as role models for their peers and, encourage others to follow their examples. According to the World Bank's World Development Report 2013, around six hundred million new jobs will be required in the next fifteen years to support a growing workforce. It is important to note that in most emerging economies, nine out of ten jobs are created by the private sector, which is the foundation of any thriving economy. In the coming years, developing countries must rebalance their economies towards greater domestic consumption, import demand

and higher value business activity and hence, entrepreneurship is vital to the future of developing countries.

We need an entrepreneurial culture which is more inclusive, opening the door for everyone to come, explore, and contribute. Of the young entrepreneurs surveyed in the EY G20 Entrepreneurship Barometer, eight four percent believed that raising awareness of their role as job creators improves public attitudes, and it can encourage others, from all walks of life. In order to engage young people to choose entrepreneurship as a safe career choice, the perception of entrepreneurs in the media is very important especially in the digital media. Media should display high-profile programs showcasing entrepreneur's success stories more frequently to motivate these youngsters as they are the driving force for any nation to grow. We need flexible policy environments and funding to stimulate and build the framework of an entrepreneurial ecosystem and more importantly, a entrepreneurial culture of interaction and collaboration. Government can play a major role in bringing together stakeholders to create an ecosystem which gives boost to entrepreneurship at the national, regional and local levels.

### **Pre-independence of Indian Entrepreneurial Culture**

In the pre-independence era of India the elaborated caste-based diversion of workers consisted of farmers and artisans. These artisan industries flourished over the period because the Royal Patronage was available to support them. On the whole, perfection in art and appeal to the eye of the individual were the distinguishing qualities inherent in the Indian craftsmanship that brought many everlasting laurels of name and fame to the illustrious India in the past. To highlights, Lucknow popularized for chintzes, Ahmedabad for dupptas and dhotis, Nagpur for silk-bordered cloths, Kashmir for shawls, and Banaras for metal wares. Thus, from the time immemorial till the earlier years of the eighteenth century, India enjoyed the prestigious status of the queen of the international trade with the help of its handicrafts. The advent of East India Company implemented the system of exporting raw materials which were available in India and importing the finished goods. Particularly, the Parsis recognized good connection with the Company and they were much unbiased by the Company's business operations. The Company established its first ship-building industry in Surat where from 1673 onwards the Parsis built vessels for the Company. The most important was shipwright Lowjee and Nushirvan, who migrated to Mumbai around 1935. He belongs to a Wadia family which gave beginning to many leading ship-builders of Mumbai. On the basis of these facts, it can be stated that the East India Company made some contribution towards entrepreneurial growth in India. But, whether the company did it deliberately for the growth of entrepreneurship in India or it was just a concurrence that people came in contact with the Company and entered the manufacturing entrepreneurship. The actual emergence of manufacturing entrepreneurship can be noticed in the second half of the eighteenth century.

Ranchhodlal Chhotalal (1823–1898) was a pioneer of the textile industry in Ahmadabad India. He was awarded the title of Rao Bahadur by the British Government. He was born in a Nagar Brahmin family, was the first Indian to think of setting up the textile manufacturing on the modern factory lines in 1847, but failed. In his second attempt, he succeeded in setting up a textile mill in 1861 at Ahmadabad. But before this, the first cotton textile manufacturing unit was already set up by a Parsi, Cowasjee Nanabhoy Davar in Mumbai in 1854 followed by Nawrosjee Wadia, who opened his textile mill in Mumbai in 1880. The credit for the expansion of textile industries up to 1915 goes to the Parsis. Out of ninety six textile mills existing in 1915, around fifty percent of textile mills belong to Parsis and rest of the fifty percent belong to Hindu, Muslim and British citizens. Later, the Parsis entered to other fields, mainly iron and steel industry. Jamsetji Nusserwanji Tata 1839-1904 was an Indian pioneer industrialist, who founded the Tata Group, India's biggest conglomerate company. He was born to Parsi Zoroastrian family in Navsari state of Baroda. He

founded what would later become the Tata Group of companies. Tata is regarded as the legendary "Father of Indian Industry" Jamshedjee Tata was the first remarkable entrepreneur who established the first steel industry in Jamshedpur in 1911.

In the first wave of manufacturing entrepreneurship, except Parsis, all others hailed from non-commercial communities. Namely, Jains and Vaishyas of Ahmedabad and Baroda, lagged behind in entrepreneurial initiative throughout the nineteenth century can be explained by two major factors. Firstly, the Improvement of business climate in the countryside during this period resulted in an increase in the quantum of trade which assured quick returns on investments. This proved the commercial activity more lucrative during the period. Secondly, it can also be attributed to their conservative attitude to change from commercial entrepreneurship to industrial entrepreneurship. The second wave of entrepreneurial growth in India began after the First World War. For various reasons, the Indian Government agreed to 'discriminating' protection to certain industries, even requiring that companies receiving its benefits should be registered in India with rupee capital and have a proportion of their directors as Indian. The advantages of these measures were mostly enjoyed by the Indians. The European failed to harness the protectionist policies to their interests. These measures helped in establishing and extending the manufacturing factories in India during the second half of the nineteenth century. During this period, the relative importance of Parsis declined and Gujaratis and Marwari Vaishyas gained that pendulum in India's entrepreneurial scene. The emergence of Managing Agency System which made its own contribution to the Indian entrepreneurship can be traced back to 1936 when Tagore & Co. assumed the management of Calcutta Steam Tug Association. The credit for this initiation goes to an Indian, Dwarkanath Tagore, who encouraged others to form joint-stock companies and invented a distinct method of management in which management remained in the hands of the 'firm' rather than of an 'individual'. The European Managing Agency Houses entered business, trade and banking and, these houses markedly influenced eastern India's Industrial scene. It is stated that the Managing Agency Houses were the real entrepreneur for that period particularly in Eastern India.

### **Post-independence of Indian Entrepreneurial Culture**

Most of the researchers in their research studies made statement that Indians have always been entrepreneurial in nature; it's just only recently that this word is being used so often. Speaks about the challenges entrepreneur have faced and the way to go ahead. The researchers noted the distinct phases in the history of entrepreneurship in India after the country's independence. Long years of domination had left severe scars on the Indian psychological evident in the entrepreneurial culture that was growing in the governmental set up. Around two hundred years of foreign burden had wiped out independent mindset among the work force with no decision making ability whatsoever. In this background the thought leaders had to struggle to bring about an entrepreneurial attitude. Despite the arrival of independence, the early decade of 1950-60s marked a slow progress from an agrarian economy to an industrialized market. Industry was dominated by textile power looms in and around Bombay, Ahmadabad, Calcutta and Madras.

The decade of 1960s saw the rapid expansion in large scale government sponsored heavy industry being set up across the country. Undermining the role that an individual enterprise can play in a country's economic growth, the government went ahead building state owned enterprises dependent on centralized planning. Based on the successful experience of the former Soviet Union, Indian policy makers concluded that, particularly for a poor country, centralized planning was essential for the efficient allocation of an economy's resources. Numerous small scale industries (SSI) sprouted as ancillary units to cater to these large industries. In the 1970s, there was an intensive campaign to promote entrepreneurship among the Indian business community. This was the first effort to promote entrepreneurship in a concentrated manner. In 1970, to increase foreign exchange earnings, Government of India designated exports as a priority sector for active

government help and established, among other things, a duty drawback system, program of assistance for market development, and hundred percent export oriented units to help producers export. Finally, from the late 1970s through the mid-1980s, India liberalized imports such that those not subject to licensing as a proportion to total imports grew from five per cent in 1980-1981 to about 30% in 1987-1988. However, this partial removal of quantitative restrictions was accompanied by a steep rise in tariff rates. The late 1980s marked the new beginning for the small and medium entrepreneurs in India with the new government choosing to move towards a market oriented economy. The economic crisis of the early 1990s resulted in economic reforms and a deliberate move towards globalization and liberalization of the Indian Economy. This shift brought in huge change in a SME unit's contribution to production and exports reflecting that the small scale industries have undergone substantial technical change in their production process. With the youth facing the hardship of finding the right job in the public sector, human resource availability increased for the private sector. The youth who were increasingly disenchanted with the stagnation in government jobs, eagerly sought private sector jobs which assured them independence, growth and even stability in their career.

Soon by the early 2000, it was common to see young professionals preferring to become entrepreneurs and the least preferred career path was a stable government sector job. With the dawn of the new service oriented economy, young professionals will increasingly work in the private sector and later choose to start a business of their own. With technology helping a SME in all possible ways, increasingly we will find professionals venturing into new business opportunities utilizing easily accessible financial help.

### **Government of India's vision and action plan**

Government of India initiated the vision and action plan entrepreneurial development support to the small scale industrial sector through the ministry of micro, small and medium scale enterprises at the national level with a view to promoting, aiding, and fostering the growth of small scale industries and industry related small scale services or business enterprises in the country. The vision of the Ministry of MSME, formerly it was a ministry of SSI, is to create an enabling policy environment and put in place corresponding support measures to help the MSME sector to meet the emerging challenges of competition and also harness the opportunities, in tandem with the accelerating pace of liberalization and globalization of the Indian economy. The agenda of the Ministry, therefore, includes steps to develop an appropriate policy framework within which supply of credit is improved, better infrastructural facilities are provided and targeted incentives are designed and extended to the enterprises in the sector for their modernization and technology up gradation, improved market access, entrepreneurship development and entrepreneurial skills up gradation and capacity building, both at the level of individual firms and their clusters. The agenda takes cognizance of the significant role played by information technology, sunrise, hi-tech and export potent industries, on the one hand, and, the special needs of the tiny/ micro-enterprises, on the other, as they constitute over 95 per cent of the total population of small scale industrial units in the country.

Organizational has a set-up for the development of entrepreneurship with most of the programs and schemes for the development of the industrial sector are implemented through two principal organizations of the Ministry. These are: i) Small Industries Development Organization (SIDO) established in 1954; and ii) National Small Industries Corporation (NSIC) established in 1955. Besides, there are three national-level Entrepreneurship Development Institutes viz., National Institute for Micro, Small and Medium Enterprises (NIMSME) at Hyderabad, National Institute for Entrepreneurship and Small Business Development (NIESBUD) at Noida and Indian Institute of Entrepreneurship (IIE) at Guwahati. A National Commission for Enterprises for Unorganized Sector (NCEUS) has also been set up recently by the Government with headquarters in New Delhi.

Recently, Government of India formed the Ministry of Skill Development and Entrepreneurship in 2014. The Ministry aims to Skill on a large Scale with Speed and high Standards in order to achieve its vision of a 'Skilled India'.

National Institute of Small Industry Extension Training (NISIET), Hyderabad was set up in 1960 in New Delhi later it was shifted to Hyderabad in 1962 now it becomes a National Institute for Micro, Small and Medium Enterprises (NIMSME) in 2007 to assist in promotion, development, and modernization of small and medium enterprises (SMEs) through the entrepreneurship in the country. At present, the main activities of NIMSME are entrepreneurship development related training programs, training research and consultancy, including the methodology of cluster development. National Institute for Entrepreneurship and Small Business Development (NIESBUD), Noida: The major activities of the Institute, established in 1986, include, development of model syllabi for training of various target groups, designing effective training strategies, methodology, manuals and tools, facilitating and supporting Central/State Governments and other agencies in executing programs of entrepreneurship and small business development, etc. Indian Institute of Entrepreneurship (IIE), Guwahati was established in 1993, with the aim of undertaking training, research and consultancy activities in the small industry sector focusing on entrepreneurship development as an autonomous national institute. IIE is working towards strengthening the capacity in the field of entrepreneurship development, training, entrepreneurship education, research, and consultancy, incubator services on gems and jewelers, publication and sensitization of environment for promotion of entrepreneurship, enterprise creation and self-employment in the North Eastern Region. Indian Institute Entrepreneurship, Guwahati has also taken initiatives for providing hand-holding services to the entrepreneurs in the North Eastern Region for which a Business Facilitation & Development Centre (BFDC) has been set up with financial assistance from the Government of India. Recently, Government of India formed the Ministry of Skill Development and Entrepreneurship in 2014. The Ministry is responsible for co-ordination of all skill development efforts across the country, removal of disconnect between demand and supply of skilled manpower, building the vocational and technical training framework, skill up-gradation, building of new skills, and innovative thinking not only for existing jobs but also jobs that are to be created. The Ministry aims to Skill on a large Scale with Speed and high Standards in order to achieve its vision of a 'Skilled India'. It is aided in these initiatives by its functional arms – National Skill Development Agency (NSDA), National Skill Development Corporation (NSDC), National Skill Development Fund (NSDF) and 33 Sector Skill Councils (SSCs) as well as 187 training partners registered with NSDC. The Ministry also intends to work with the existing network of skill development centers, universities and other alliances in the field. Further, collaborations with relevant Central Ministries, State governments, international organizations, industry and NGOs have been initiated for multi-level engagement and more impactful implementation of skill development efforts in India. National Commission for Enterprises in the Unorganized Sector has been set up by the Government of India as an advisory body and a watchdog for the informal sector with a view to fulfilling the commitment in the National Common Minimum Program of the Government. The Commission will recommend measures considered necessary for bringing about improvement in the productivity of these enterprises, generation of large scale employment opportunities on a sustainable basis, particularly in the rural areas, enhancing the competitiveness of the sector in the emerging global environment, linkage of the sector with institutional framework in areas such as credit, raw material, infrastructure, technology up gradation, marketing and formulation of suitable arrangements for skill development.

### **Achievements**

According to estimates, based on the Third All-India Census of SSI with references year of 2001-02, there are about 118.60 lakh small enterprises (2004-05) in the country contributing more

than 39 per cent of the total industrial production in the manufacturing sector. It provides employment to about 282.91 lakh persons (2004-05), which is second only to that in the agriculture sector. The SSI sector has, over the years, generally recorded higher growth rate than the industry sector as a whole.

Table 1: SSI's Target and Achievement in terms of Production, Employment and Export

Target Variables	2004-05		2005-06	
	Target	Achievement	Target	Achievement
Production (Rs. crore)	429548	412450	493405	493405
Employment (lakh persons)	275.73	282.91	284.53	284.53
Export (Rs. crore)	93653	NA	107701	NA

Source: NSIC

### Promotion of Entrepreneurial Culture in India

Development of Micro, Small and Medium Enterprises (MSMEs) is strongly linked to the presence of a supportive environment. Initiatives ranging from implementing a receptive regulatory environment to establishing access to technology and finance have been at the forefront. Yet despite these efforts, on promoting “entrepreneurship” specifically and emphasizing its importance as an independent factor in enhancing competitiveness. Government launched the venture capital finance for scheduled caste entrepreneurs through the Industrial Finance Corporation of India (IFCI) with initial Rs. 200 crore. The government of India has played an important role in promoting an entrepreneurial culture.

### SME Export Promotion Councils

The Indian government has launched the SME Export Promotion Council in 2009 at Mumbai. SME Export Promotion Council is a registered organization and functioning for the promotion and growth of Exports of Indian SME Sector involved in Manufacturing, Pharmaceuticals, Healthcare, Packaging, ICT, IT, Food Processing, Engineering, Textiles, Garments, Plastics, Furniture, Foundry, Capital Goods Manufacturers and other allied sectors in Asia, Europe, Africa, North and South America, Middle East, South Korea, Japan, Canada, Australia, New Zealand and other countries. It provides information and support to identify export markets according to the requirements. The Council Supports SMEs to identify emerging markets, genuine importers and buyers from potential markets as well as they can support you for group marketing, promotion, distributorship, business alliances and other collaborations for SME Members. The SME Export Promotion Council is one such institution, which aims to represent Indian entrepreneurs in various countries wherein it helps the entrepreneurs to fulfill their business objectives through effective Branding and Marketing, Technology transfer and up gradation by arranging Joint Venture and International collaborations with foreign partners through the process of exhibitions, trade shows and B2B Meetings.

### SME Excellence Awards

Small and Medium Business Development Chamber of India initiated the India SME Excellence awards. Small and Medium Enterprises play an important role as the growth engine of the Nation, contributing to the industrial output, exports, employment generation and help to achieve higher economic growth of the Nation. Despite excellent knowledge, innovative ideas and remarkable contributions towards Nation building, most of the entrepreneurs do not come into limelight and their efforts and success are not fully known to the business world. It recognize small

and medium enterprises engaged in the manufacturing & service sector for their exceptional contributions and those who support them for their exceptional and distinguished contributions, developments and achievements in Manufacturing, Service, Exports and Research & Development by conferring “India SME Excellence Award”. The Awards Categories: Manufacturing Sector, Service Sector, Entrepreneur of the Year Award, Innovations and inventions, Development of Advanced Technology, Marketing and Branding, Export Performance, Woman & Young Entrepreneur and Appreciation Award for Supporting SMEs.

### **Technopreneur Promotion Program**

Technopreneur Promotion Program is a novel support mechanism - initiated jointly by the Department of Scientific and Industrial Research (DSIR) and Technology Information, Forecasting and Assessment Council (TIFAC) of the Department of Science and Technology (DST), to tap the innovative potential of entrepreneurial citizens of India. The objective is to promote individual innovators through support mechanism at various stages to become technology based entrepreneurs (Technopreneurs). FITT has been chosen as the nodal unit in and around Delhi for implementing the program in association with DSIR and TIFAC. Any innovative Indian say an Engineer, Scientist, Artisan, Housewife etc the individual must have an innovative idea/project which has the potential of commercial utility and/or societal absorption. The member of faculty and students in IIT Delhi are counted foremost amongst the potential innovators.

### **Schemes for the Development and Promotion of Women Entrepreneurs**

According to the Third All India Census of Small Scale Industries conducted in 2001-02 and subsequent estimates made, only 10.11% of the Micro and Small Enterprises in India are owned by women while 9.46% of the MSE enterprises are managed by women. Currently (2006-07) their estimated number is 12.99 lakh women managed enterprise and 12.15 lakh women managed enterprise. In order to encourage more and more women enterprises in the MSE sector, several schemes have been formulated by this Ministry and some more are in the process of being finalized, targeted only at the development of women enterprises in India.

- Trade related entrepreneurship assistance and development scheme for women (TREAD)
- Micro & small enterprises cluster development program (MSECDP)
- Credit guarantee fund scheme for micro and small enterprises
- Support for entrepreneurial and managerial development
- Exhibitions for women under promotional package for micro & small enterprises approved by CCEA under marketing support

### **Kakinada Experiment:**

In January, 1964, a full-fledged training program was conducted a pioneering research study in “Achievement Motivation” by National Institute for Micro, Small and Medium Enterprises in association with Prof. David McClelland, a well-known Behavioral scientist of USA holds the view that achievement motivation can be developed through training and experience. For this, David McClelland conducted his experiments with groups of businessmen in three countries, i.e. Malawi, India, and Ecuador, at Kakinada (Andhra Pradesh) an industrial town with high literacy. The main objective of the experiment was to break the barrier of limited aspirations by inducing achievement motivation. A total of fifty two persons were selected from business and industrial community of the town. They were given an orientation program at Small Industry Extension Training Institute (SIET), now National Institute for Micro, Small and Medium Enterprises (NIMSME) Hyderabad.

### **“Achievement Motivation”**

He carried out a separate full-fledged training program in India to instill achievement motivation in the minds of entrepreneurs. His successful experiment is popularly known as “Kakinada Experiment” Following is a brief description of this experiment. The participants were grouped into three batches. They were put under training for three months. The training program was designed in such a way that it could help the trainees improve imagination and enable them to have introspection of their motivation. According to David McClelland the role of ‘n Ach’ is the critical factor for entrepreneurial development, which in turn leads to accelerate the tempo of economic development. According to him if the inner spirit which is the need for motivation is higher it would produce more energetic entrepreneurs who can speed economic development. He feels that the achievement motivation is nourished by ambition. In order to prove this fact, he conducted several experiments with different groups of businessmen in America, Mexico, Bombay & Kakinada in Andhra Pradesh. He tried to induce achievement motivation in adults. His aim was to provide an urge in them to improve their condition. Through the experiments he tried to induce the spirit of achievement motivation in adult & urged them to take up entrepreneurial ventures. Such an inducement was, in fact, essential to increase their level of aspirations & to give rise to confidence building character in them.

Four main items constituted the achievement development course.

- The trainee entrepreneurs were asked to control day dreaming & develop a positive attitude among them.
- The participants imagined themselves in need & the challenge set before they were to have realistic & carefully planned goals.
- They tried to attain concrete & frequent feedback.
- They watched models – heroes who performed well & tried to imitate them.

McClelland introduced TAT (Thematic Appreciation Test) where vague pictures were shown. The trainees were asked to interpret what they saw & explain what was happening in the picture. Achievement related themes were then counted & the final score showed the individuals desire for high achievement. This training tries to encourage those who have great desire to achieve something in life faster. The trainees exhibited a more active business behavior & to achieve they asked for longer hours too. This Kakinada experiment is used to set up new enterprises. This is part of EDP which trains the entrepreneurs.

### **Industrial Parks of India**

SME Chamber of India and India International Trade Centre (Investment and Trade Promotion Organization) have initiated [www.industrialparksofindia.com](http://www.industrialparksofindia.com) website to provide valuable and authentic information regarding Industrial Parks, Industrial Premises, Industrial Warehouses and land/plot availability for various business and industry related activities. Entrepreneurs and Investors often face difficulties to identify suitable industrial plot or industrial land from Corporations of State and Central Government Agencies for setting up manufacturing units or business ventures. Many prospective Indian and overseas entrepreneurs do not possess the required knowledge and support to reach out the concerned authorities for obtaining the relevant information about appropriate industrial land/plots as per their specific requirements. Currently land acquisition issues are increasing day by day as farmers and individuals are not very keen to sell their agriculture land for industrial purposes. Due to this many overseas and India entrepreneurs are finding it difficult to identify industrial land or plot as per their choice.



## Objectives of Industrial Parks

- To integrate industrial premises and industrial parks
- Encourage the development of small-scale industries in the country
- To Support decentralize industries to the rural and backward areas
- To Encourage Supplementary in surroundings of major industrial units
- Enhancement of Industrial Activities
- To promote Industrial Parks in various countries
- To project Industrial and Investment opportunity
- Encourage Investment
- To encourage investments in specific sectors
- Connectivity with Government Authorities
- To build link between Government and entrepreneurs
- To conduct workshops and seminars
- Trade Delegations to visit expo and trade fairs

## Special Economic Zones (SEZS)

The government of India under the Ministry of Commerce and Industry has formulated a policy that allows the private sector to establish Special Economic Zones (SEZ) with the objective to promote export oriented manufacturing and delivery of services at competitive costs. Units operating in SEZs are entitled to direct and indirect tax benefits for a specified time period. Fiscal and foreign exchange procedures have been simplified and hundred percent foreign investments are allowed for setting up units in Special Economic Zones. Operating in SEZs is expected to help in significantly reducing manufacturing costs. This policy intended to make SEZs an engine for economic growth supported by quality infrastructure complemented by an attractive fiscal package, both at the Centre and the State level, with the minimum possible regulations.

## The Emergence of Venture Capital in India

Venture capital is one of the right boons for new entrepreneurs and also for new innovative ideas/ventures. The entrepreneurs are supported and encouraged through venture capital for conversion of their innovative idea into reality that is establishment of enterprises and manufacture the new products and make sales to earn potential profits. The entrepreneurs/technocrats are having an idea of new product which may be potential demand in the market when the entrepreneurs are unable to raise capital to establish the enterprises through bank loans because the bankers are expecting collateral/security to supply the capital in case the entrepreneurs are unable to provide the required collateral then it is difficult to raise the capital from the banks and establish the enterprises in such case venture capital financial institutions are supplying the capital without collateral/security. Venture capital is a special unique feature that is unsecured capital so venture capital is unsecured capital venture capital financial institutions are not expecting the collateral or security for investment and new or young entrepreneurs are need not worry for providing the collateral or security to the venture capital financial institutions to raise the capital for establishing the enterprises. Venture capital is capital committed for the formation and setting up of firms specializing in new ideas, or new technologies, with a large element of risk for the promoters or shareholders but with a potential for rapid growth. It is not solely an injection of funds into a new firm but also an input of the skills or human capital needed to setup a firm, design its marketing strategy, organize and manage it to the successful. It is usually implies an involvement by the venture capitalist in the management of the client enterprise. Venture capital is considered as the financing of new, startup, small and medium scale enterprises. It is often thought

of as the early stage financing of new and young enterprises seeking to grow rapidly. Venture capital may be invested in relatively untried technology, initiated by relatively new, other professional or technically qualified entrepreneurs with inadequate funds. The conventional financiers, unlike the venture capitalists, generally support proven technologies with established markets.

Venture capital has helped in creating several highly successful, excellent companies in USA. For instance, Apple Computers, Digital Equipment Corporation, Dysen, Federal Express, Compaq, Intel, Sun Microsystems, Genetic and Microsoft are successful examples of companies, which were benefited by the venture capital in their early stage of their business development. In the USA, venture capital has contributed immensely to the development and growth of the economy. The venture capital system as practiced in the industrialized countries and it has given highly progressive industrial environment and entrepreneurial culture. In 1975, venture capital financing was introduced in India by the financial institutions with the inauguration of Risk Capital Foundation (RCF), sponsored by the IFCI with a view to encouraging technocrats and professionals to promote new industries. In 1976 the seed capital scheme was introduced by IDBI. Till 1984 venture capital took the form of risk capital and seed capital. In 1986 ICICI launched a venture capital scheme to encourage new technocrats in private sector in emerging fields of high-risk technology. In 1986-87 the Government of India levied a five percent cess on all technology import payments to create a venture capital fund through by IDBI. Many public and private sector firms entered the venture capital industry.

The Indian Union Finance Minister in his interim Budget Speech for FY 2014-15 announced the setting up of a Venture Capital Fund for Scheduled Castes Entrepreneurs. "In order to promote entrepreneurship among the scheduled castes and to provide concessional finance to them, through Industrial Finance Corporation of India (IFCI) this was provided Rs. 200 crore on January 2015 by the "Minister of State for Social Justice and Empowerment. IFCI Venture Capital Funds Ltd, a subsidiary of IFCI Ltd, would act as the investment manager of the Fund and launched a Venture Capital Fund for Scheduled Castes Entrepreneurs

## Conclusion

Presently, under the Ministry of MSME, a National Entrepreneurship Development Board (NEDB) devises and recommends policies to promote entrepreneurship and supports surveys and research activities. Grants are provided to reputable organizations engaged in entrepreneurship development for organizing workshops and seminars and conducting research on entrepreneurship development. Academic institutions like NIMSME, the National Institute for Micro, Small and Medium Enterprises and Small Business Development, the Indian Institute of Entrepreneurship (IE), and the Entrepreneurship Development Institute of India (EDII), in addition to regional institutions, have utilized these grants for accelerating entrepreneurship activities. The National Manufacturing Competitiveness Council (NMCC) and National Commission for Enterprises in the Unorganized Sector (NCEUS) have recently been instituted to promote, sustain, and strengthen the competitiveness of MSMEs through various activities.

Several private initiatives by industry associations are also directed toward enterprise and entrepreneurial skill promotion. Prominent among them are the Federation of Indian Micro and Small & Medium Enterprises (FISME), the Confederation of Indian Industries (CII), the Associated Chamber of Commerce and Industry (ASSOCHAM), the Federation of Indian Chambers of Commerce and Industry (FICCI), the World Association for Small and Medium Enterprises (WASME), the All India Manufacturers' Organization (AIMO), the Federation of Small Industries of India (FASII), and regional-level industry associations. In the 1990s, entrepreneurship gained momentum in India. Over seven hundred organizations throughout the country adopted an entrepreneurship strategy to accelerate the start-up of micro, small, and medium enterprises (MSMEs).

As per reports shared by Accenture, Young entrepreneurs are the driving force behind job creation in the G20 countries like India, Australia, China, Indonesia, Japan, Saudi Arabia, United Kingdom, and United States amongst others. Indeed, new Accenture research concludes that 10 million more youth jobs could be created in G20 countries if existing barriers to entrepreneurship were lifted. It is through entrepreneurship we can put new business ideas into practice. In doing so, it creates jobs that facilitate personal development and economic growth. The availability of specialized and dedicated institutional resources for SME development is the foundation for creating a level playing field and facilitating access to finance, skills, and knowledge for SMEs. The institutions may be in the public sector (government, development partners, donors) or the private sector (companies, associations/foundations, civil society), or a combination of both (public-private partnerships). In India, national institutions NIMSME, NIESBUD, EDII, the Indian Institute of Entrepreneurship (IIE) and regional institutions in the public sector are offering services such as training, research, consultancy, information, and mentoring for promotion of entrepreneurial culture in the country. Similarly, in the private sector, national and regional industry associations represent the views of the SMEs to the central and state governments. The National Productivity Council (NPC) and its state chapters facilitate the implementation of productivity improvement programs for SMEs. Premiere institutions like the Indian Institutes of Management (IIM) and the Indian Institutes of Technology (IIT) undertake programs for developing entrepreneurial mindset and vision and corporate entrepreneurship.

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