

## **Specification of Brief History of Entrepreneurship Development in India**

**Bharti Tiwari**

Associate Professor

Mata Gujri Mahila

Mahavidyalaya

Jabalpur, Madhya Pradesh, India.

**Vinod Mishra**

Associate Professor

Prestige Institute of Management

and Research

Indore, Madhya Pradesh, India.

### **Abstract**

Entrepreneurship being the central atom of production, operations, and business, needs to be decoded perfectly now more than ever. It ensures the functioning of other factors around it and verifies their optimum use. With the advent of Globalization, Digitalization, and Modern technology the face of Entrepreneurship has also changed in every aspect. This paper studies history of the Entrepreneurship development and growth with Kautilya's perspective and how the British Government has influenced Entrepreneurship as a discipline. Further, the paper summarises the evolution of modern entrepreneurial techniques and its implication and challenges during pandemic 2019, on trade and business. The paper further studies the influence of Entrepreneurship on the legal and economic policies and prospective opportunities for neo entrepreneurship in India. The paper produces few suggestions for reforms in policies in favour of entrepreneurship development in digital India.

### **Keywords**

Entrepreneurship, Digitalisation, Globalisation, Public private partnership, and Women entrepreneurs.

### **1. Introduction**

Hayes (2020) said that there are several factors of production, such as land, labour, capital, and entrepreneurship, and entrepreneurship is a major contributor which enables an enthusiast for taking risks and facing challenges to bring everything together and create a strong base for operations and productions. Hisrich and Peters (1995) described entrepreneurship as the process of creating incremental wealth by an individual with a commitment to provide services or products with value

by exercising necessary resources with time and efforts. Motha (2007) referred to entrepreneurship as a process of action taken by an entrepreneur for establishing an enterprise.

Mathur (2014) lamented that the entrepreneur develops a new idea and takes risk of setting up an enterprise to produce a product or service to satisfy customer needs.

Entrepreneurship is an act of taking unpredicted and unforeseen risks that may arrive in the future due to some of the actions of trade, science and technology being taken now in the present. Entrepreneurship is the very basic nature of human existence, and has helped people evolve, develop, and progress through centuries and thus the power it possesses over humanity and life in general cannot be undermined.

However, as it is evident change is the only constant in this world and so even this noble discipline of Entrepreneurship has witnessed various changes and modifications over the periods of time. Every country has its own form of trading and so does our mighty land of India. Perhaps, given the saddening and British-ridden history of our nation, the journey of Entrepreneurship has not been easy for us. Thus, we divide the growth of Entrepreneurial development in India into three of the given phases.

- Era prior to the advent of the British Empire
- Era of the rule of the British Empire
- Post- British rule and modern-day Era

### **1.1 Phase I: Era Prior of the British Empire**

Being referred to as “Son-chiraiya” which stands for “Golden Bird”, India was a tycoon proving its best practices and adaptations of trade and business in the world. Bharat (India) with its blessed gift of rich heritage and royal culture was the first in the entire world to coin the term “Vasudhaiva Kutumbkum”. This Sanskrit phrase of two words may look like nothing but, it speaks volumes. The phrase signifies that the entire world with all its countries and every part of them is like the one big family. The conduct of the entrepreneurship of India has taken the whole world by surprise and respect. At this time, India had a very good substantial market share in the domain of the world trade. Some of the famous trades which were being conducted at this time in India include the prevalent and most primitive silk trade that was done through the classic silk route, the trade of spices, and herbs. India was the biggest manufacturer of the textile industry before the dominance of the cruel Britishers took over it.

### **1.1.1 Entrepreneurship during Kautilya**

350- 275 BC is known as the period of Kautilya (Chanakya) in Indian history. Kautilya in himself is a highly intellectual and wise person with a strong character and sense of humour in the old India. He was the chief advisor and consultant of the prime minister Chandra Gupta then and was highly accomplished in his field as a scholar. He had quality experience and expertise in the areas of administration and Entrepreneurial development in the court of the-king. He played a diversified and diligent role in shaping the face of Entrepreneurship and Administration in this era with his methodologies and excellent mind powers. He penned down several books on the right and perfect conduction of duties and responsibilities of a man.

In the second book of Arthshastra i.e. the duties of the government superintendents to deal with the business and economic activities of the court, the idea of the correct Entrepreneurship and Governance had been laid out for generations to follow and remain consistent and persistent with the value of trade, business and entrepreneurship had on the society. The book prescribes equal importance to the concepts of divided labour, coordination of people, and the hierarchy of work. Even today, this piece of advice is as beneficial and successful as it was back in the days of Kautilya. It drives peace and unity among men and women coming from different backgrounds with the sole purpose of engaging in advantageous trade and business to help in the entrepreneurial growth of the society.

### **1.1.2 Entrepreneurship during Mughals**

The extremely powerful land of India was not hidden from the greedy eyes of Mughals who had come to acquire and rule her lands. Mughals rule in India lasted for centuries from about 1526 to 1858 AD. Mughals had put their own minds on the successful business of India and amalgamated in it some of their own practices and theories of conducting trade and entrepreneurship development in India. They had conflicting

views and tried to change the Kautilya ways in their own ways of trading, but it did not have negative effects on the business. The business and entrepreneurial development of India went on progressing and growth even in this period of the Mughal rule so much so that its progress at that time was remarkable and unparalleled as compared to any other nation in the world.

### **1.2 Phase II: Era of the Rule of the British Empire**

1858 to the year 1947 has been marked as the British Era in the history of one of the strongest nations of the world at that point of time. Before the interference of Britons, India was highly successful in all its corporate and revenue - generating endeavours. It was a period of entrepreneurial success and benefits from all the trade that India was involved in. It was growing and evolving in all the sectors of trade and commerce. There were major communities in India like the Gujratis, Parsis, and many more who were deeply enjoying the fruits of great revenue.

The sectors extended from spice to textile and there was a huge demand for the products from India. It produced a lot of employment and establishment of major production units which increased the manufacturing capacity and production facilities. Agriculture was the biggest industry and continues to be the main source of income for millions in India even today.

After the rule of Britishers started in India, a lot of these things changed. Reynolds et. al. (2004) found that British Occupation, religion, cultural values, and government regulations had negatively affected entrepreneurship in Indian Culture. Handy et. al. (2000) affirmed that it was government regulation that impeded the process of e-ship in India. The evidence shows that how Indigo Farming has been forcefully introduced in Bengal and the agricultural land was made barren by Britishers, Collection of Rent on Land was an exercise executed with cruelty during British rule. The rules and effects of Britishers changed the course of business, trade, and commerce in India. And it demolished the trade in every sector.

### **1.2.1 The Economic History of India (Source: Cambridge)**

The inferences given above can be taken under consideration of the boom of the Indian economy and its impact on world trade. The early periods in Indian history clearly suggest the massive and impressive growth the commerce had in the country.

### **1.3 Phase III: Present Trends of Entrepreneurship in India**

In a world transformed by cyber culture, everything has changed or evolved taking their actions with this massive cyber facility available at every corner of the world now. Mishra et.al. (2016) concluded that government policies are supportive to the entrepreneurs. Many new-age entrepreneurs have come into the real game and transformed their traditional family business into a digital eco-system that not only includes business activities but the welfare of the mankind.

These days, entrepreneurship is no longer just confined to the family learned management system but has opened its wings to this whole new world of technology. With the advent of technology, risk management, and prediction of business strategies have become a trend in businesses. As said by Forbes India, new entrepreneurs must face the risk of fund and managerial and technical challenges that come their way.

The emergence of start-ups and new businesses have been a new ray of hope to turn India into a digital platform of trade and commerce. The process of business has undergone a complete change now in the present age as entrepreneurship has become more idea-driven and focused on new technology now more than ever. This concept of a new digital era was never imaginable during the period of Kautilya or the British rule in India.

The entrepreneurship thus evolving at this rate is more concerned with the development of socio-cultural factors in the world. For instance, Mahila bank is such an example where the development of underprivileged females has been made possible by providing them basic banking needs and necessities.

The primitive caste system that existed in old India and was followed rather passionately by the ones at the top of the revenue cycle has been totally disregarded and become useless in the 21<sup>st</sup> century making everyone equal. Along with this the racial and gender-based discrimination has come to an end because of the more open and evolved society that exists in the world today.

Present day government has laid plans and facilities to encourage people to take up entrepreneurship and open innovative businesses and models that could change the world for the better. For example, the Atal Innovation units and incubation centres named after one of the greatest politicians of India, Atal Bihari Vajpayee. The purpose of these centres and organizations is to help people with great ideas to get funding to start their businesses. They also help in the benefit of government and country growth and also have the capability to tackle the problem of unemployment by generating business prospects and jobs for people in various sectors and at various levels.

### **1.3.1 Entrepreneurship in 21<sup>st</sup> Century**

After India got independence from the British rule, the Indian commerce market became liberated and free of the rules that they had to follow under Britons. The government immediately started focusing on building businesses that promoted social and economic welfare in the country and on an international level.

However, since India had just liberated at that time, the capital investment that was there was low for the government agencies. But it was not the same for private sectors as they were investing well with a benefitting profit return. This, in turn, did cause a rift between the private and government growth in India and thus since then, there have been numerous debates and discussions and research on this topic. But overcoming the rift, public and private partnership became a pact and a beneficial move towards the growth of India and its progress.

Since 21<sup>st</sup> century has seen a remarkable use of technology and machines the ways of trade have also changed along the line. In India, technology has made its way even to the poorest of poor sections of the society and thus has changed the labour and skilled market extensively. This new sector called as Information Technology (IT) has become a striking necessity that is being used by the smallest of the businesses to the large and massive industries. This has further increased basic literacy and created a lot of employment opportunities in the past and continues to amaze the people of the world with its powers and capacities.

But this knowledge does not limit to the introduction and use of technology but also extends to the trends of outsourcing and crowdfunding. And thus, there are now so many more opportunities and chances of success for new businesses to thrive in the global market and present to the world their innovative and entrepreneurial capacities and talents. There are also many policies and challenges that have come into the way of trade in the 21<sup>st</sup> century.

### **1.3.2 Challenges and Policies of 21<sup>st</sup> Century**

As India got liberated, it wanted to create an atmosphere where each and everyone grows and benefited all. Being in the favour of the welfare of the people, society, and country it is not an easy job to create policies and implement for such a huge country like India. As we are aware that every business has its own needs in the context of carrying business out, the government must ensure that these policies are fair and best for everyone.

Therefore, at this moment of time the government aims at committing its time to ensure that the policies that are formed and implemented favours all and help in the growth of each. The demographic and occupational structure of India clearly suggests that the rural Indian economy is either based on Agriculture and its bi-product industries. Thus, the job of the government is to make sure that the entrepreneurial development is widely distributed to sectors contributing majorly to India's economy. The development and growth of

the rural sector would give a crucial benefit to the growth of the urban working sector and helps in the things like migration and urban economy. The real challenge lies where the government should form policies that help both these sectors to coexist by helping each other.

Apart from that, there are many industrial and manufacturing units that derive its labour from the rural population in India. Therefore, another challenge that lies ahead of the policymakers is to have a system where they help balance the growth of this sector in a naturalised way. This means that rather than focusing on the hardcore capital market the sensitive aspects of this front should also be taken into consideration. And so, the transformation and changes in the policies become important and necessary to promote our country's economy.

The legal system of the country should be made so strong and diverse in the context of entrepreneurship, business, and trade so India could emerge as one of the strongest nations to accomplish peaceful trade systems in a massive country like ours. Since the current system follows most of the rules left for us by the British government, it is high time that our present government digs up our past rules and implements them to secure what we aim for. The improvising in the sector is such that there can exist smooth and uninterrupted functioning of the enterprise and it motivates others as well to perform better in the market. Few of such provisions have been stated and explained below:

### **1. Companies Act, 2013**

The Companies Act came into force on the 29th of August 2013. The basic objective of this act was to develop the economy by encouraging valuable Entrepreneurship. This act of 2013 was implemented to make sure that there are flexibility and simplicity in the way that companies are formed. Further, the act also aims at the ethical and corporate governance. Apart from the motto of entrepreneurial development, the protection of interest of the stakeholder



was also given paramount importance. Also, the government was responsible for the time-bound approvals and implementation, the biggest achievement of this act of 2013 was to have strict control over the frauds that take place at the formation of the companies.

## **2. Arbitration and Conciliation Act, 1996**

The Arbitration and Conciliation Act came into force on the 16<sup>th</sup> of August 1996. The aim of this act with concerns of entrepreneurship development was to check if there is an arbitration clause in an agreement then it may be tackled with utmost sincerity and transparency. Also, in addition to the entrepreneurial development, there is a special provision for the conciliation proceedings, where in the disputes can be settled at the earliest in the interest of justice.

## **3. Industrial Dispute Act, 1947**

This act of Industrial dispute came into force on 1st April 1947. It came into existence to check if the Entrepreneurs at any level requires handling various issues of the labour-related problems. The main aim of this act was to make sure a healthy work environment in the industrial units. Thus, on one hand, it gives the management a warning to not take away the rights of the labourers and on the other hand to not spoil the working conditions of the industrial units in the way of strikes and illegal lockdowns. Thus, this act is one of the most valuable acts which contributes towards the development of Entrepreneurship in India.

## **2. Future Prospects of Entrepreneurship in India**

With the drift in the world as technology advances, the impact of it on the development of Entrepreneurship is sharp and rapid. At this time, the government cannot take the risk of having an unbalanced growth of the economy. As far as the prospects of Entrepreneurship are concerned it has shown rigorous improvement in the past decade and shows positive signs of more contributing changes that can take place in the future.

It can be ascertained by the facts that there have been policies that are formed relating to the factors like population distribution, occupational structure, rural and urban imbalances, etc. and for these reasons, the opening of policies like Atal Innovation Scheme, Atal think Tanks is such a great platform for innovative and smart minds to put on the table what they have to offer. These schemes provide ideas to culture and give them all the educational, financial, and expert guidance they need to establish themselves in the market of their domain. It provides major benefits to all the people looking for any kind of assistance to make themselves and their ideas flourish in the real market.

Along with Entrepreneurial development, the government is also focusing on the issue of women empowerment. Therefore, the policies like Mahila Haat, which is a bilingual online marketing platform that helps us as a user to leverage technology so as to help many aspiring and intellectual women who are entrepreneurs and connected with self-help groups and NGOs to showcase their products and their services to the world with the help of their digital plate. This policy was launched in 2017 by the government of India to help empower rural women and hand them opportunities for skill development and employment. It also helped them enhance their digital literacy and community health. The Mahila Shakti Kendra works towards the benefit of the community and helps in community engagement by using the student volunteers in more than 100 backward districts. Each Mahila Shakti Kendra provides an excellent interface for the rural women to approach the government to avail their entitlements through training and capacity building.

The government is also required to meet with the trends that go on an international level and thus their involvement and commitment are obvious. Therefore, the government should always take on a positive approach to work on the development and growth of Entrepreneurship in India whilst giving equal opportunities to every individual.

### **3. Suggestions for the Policy Makers**

In view of the analysis that has been made above, it is most humbly suggested that the government takes some solid and rigorous actions for the development of Entrepreneurship and its commitment to the development of the same. Some of the suggestions that can be made in this situation and can be wise to implement for the benefit of society and the country are as follows:

- Education policy should be designed to expand economic opportunities for the upcoming young and talented entrepreneurs.
- To encourage women entrepreneurship, all the banks and financial institutions should be asked to provide proper investment plans for the women-owned enterprise.
- Special training courses should be offered for women entrepreneurs to improve their skills.
- There should be the availability of interest-free credit for women entrepreneurs if they are vulnerable and this should be provided by the government, banks and financial institutions, and wealthy individuals.
- Special assistance to be provided to especially disadvantaged groups like women in extreme poverty, destitute women, women in conflicting situations, women affected by natural calamities, women in less developed regions, the disabled widows, elderly women, single women in difficult circumstances, women heading households, those displaced from employment, migrants, women who are the victim of material violence, deserted women and all those who have been underprivileged and are unknown by the basic human rights.
- Development in the software industry, handloom pharmacy, hospitality, and other industrial units.

These are the suggestions for entrepreneurial and economic development, if incorporated in the policies, many positive improvements in the actions and pace of Entrepreneurship, and the overall development of the country can be noticed.

#### **4. References**

1. *Arbitration and Conciliation Act.* (1996) <https://legislative.gov.in/sites/default/files/A1996-26.pdf>
2. *Company Act* (2013) <https://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf>
3. Handy, F., Kassam, M. and Ramade, S. (2002). Factors Influencing Women, An Entrepreneur of NGO's in India. *Nonprofit Management and Leadership*, 13, pp. 139-154. <https://onlinelibrary.wiley.com/doi/abs/10.1002/nml.13203>
4. Hays Adam (2020). *Factors of Production.* <https://www.investopedia.com/terms/f/factors-production.asp>, on 5 September 2020.

5. Histrich Robert D. and Peters Michel P. (1995), *Entrepreneurship: Starting, Developing, and Managing, A New Experience*. (3<sup>rd</sup> ed.) Irwin Publications, Chicago, USA. <https://onlinelibrary.wiley.com/doi/abs/10.1002/jsc.4240040409>
6. Industrial dispute Act (1947). [https://labour.gov.in/sites/default/files/THEINDUSTRIALDISPUTES\\_ACT1947\\_0.Pdf](https://labour.gov.in/sites/default/files/THEINDUSTRIALDISPUTES_ACT1947_0.Pdf).
7. Kumar, Dharm (1965). *History of India*, Cambridge University Press, New Delhi. pp. 173-189.
8. Mathur, Abha (2014). *Business Entrepreneurship and Management*; Taxman Publication (P) Ltd. New Delhi.
9. Mishra, Vinod, Ashish Pathak, and Rajesh Jangalwa (2016). *Entrepreneurship Behaviour of Students Studying in MBA Program. Quality Education, Entrepreneurship and Exemplary Business Practices for Social Change*. Excel Books. New Delhi.
10. Motha, Krishna Veni (2007). *Entrepreneurship Among Tribal Women with Reference to Koya Tribe of Andhra Pradesh*, Dr. BabaSaheb Ambedkar National Institute of Social Science, Mhow, Madhya Pradesh.
11. Prasad, D. Ravindra, V.S. Prasad (2017). *Administrative Thinkers*; Sterling Publishers Pvt. Ltd, New Delhi. pp 03-15.
12. Prasad, D. Ravindra, V.S. Prasad, P. Satyanarayana, Y. Pardhasaradhi (2010). *Administrative Thinkers*; Sterling Publishers Pvt. Ltd, New Delhi. pp 03-15.
13. Reynolds, P.D., Bygrave, W.D. and Eutio, E. (2004). *Global Entrepreneurship Monitor 2003*, Executive Report. Babson College, London Business School and the Kauffman Foundation.