

# **CHAPTER-I**

## **Introduction to Entrepreneurship, MSMEs & Women Entrepreneurship**

### **1.1 Introduction**

Entrepreneurship has gradually been given tremendous importance especially in contemporary times when global economy is facing misbalance due to interconnected markets in the era of globalization. Rama (2003) considers, to be competitive in this era, especially developing economies have to rework on existing trade difficulties, eliminate the legal control, state owned enterprises should be privatized and over staffing in bureaucratic systems should be reduced and if these reforms are worked upon then the economy would encounter state of rising unemployment. Naidu (2009) advocates that India has 300 million youth and against this number she (India) has only 100 million jobs that are being created. This leads to an employment gap of 200 million. Substantial rise in unemployment rate has been observed from 6.8 per cent in the year 2001 to a whopping 9.6 per cent in the year 2011 (Punj, 2016).

In a country like India, where due to its soaring population Okun's law (Knoteck, 2007) is appositely applicable which suggests growth slowdown coincides with rising unemployment, also according to Arthur Okun's Law, unemployment rate of any nation is the clear representation of growth rate of the economy (Gupta, 2002), problem solving

to unemployment is of utmost importance so that the economic growth can be balanced. One such solution has been suggested by Faria, Cuestas & Gil-Alana (2009) in their paper *'Unemployment and entrepreneurship: A cyclical relation?'* wherein it has been presented that unemployment is negatively related to the rise in the strength of entrepreneurial ventures or entrepreneurship. This can be shown in the given equation where variation in unemployment rate over time  $u_e = du/dt$  (where  $u_e$  is unemployment) is associated with entrepreneurship ( $e$ ) through function  $f(e)$  and can be represented by –

$$u_e = -f(e) \quad \text{----- (1)}$$

The given equation is developed with an assumption that new firm start-ups increases competition, by the generation of new products and services, the increasing competition is evident with improved quality of products and services which is only achieved when the firm has upgraded technology and managerial skills. Upgraded technology and managerial skills are most likely to be achieved by hiring new employees. This shows explicit decrease unemployment rate.

In the same paper the reverse effect is also represented by –

$$e_n = u_e - g(e) \quad \text{----- (2)}$$

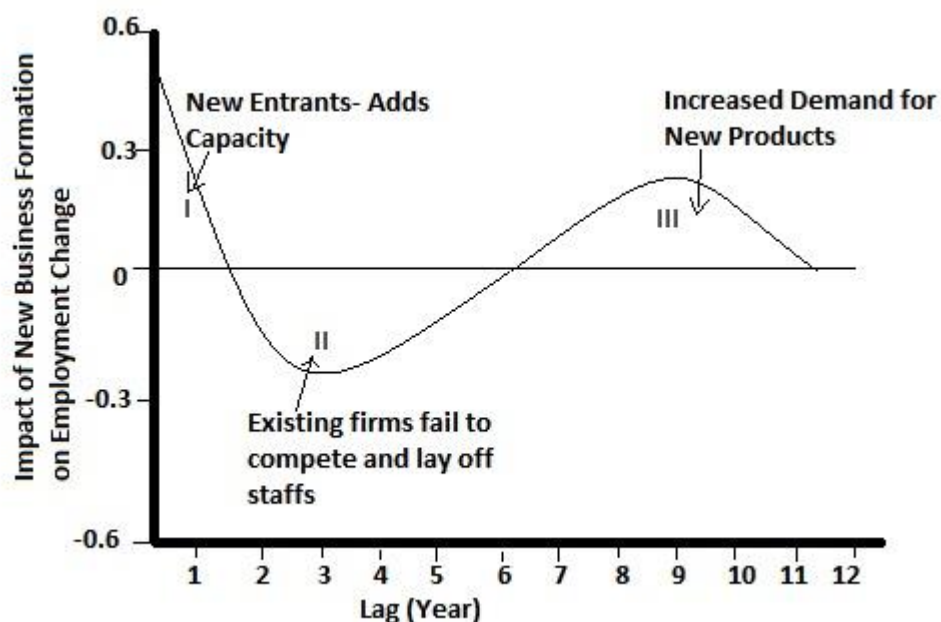
$e_n$  = New entrepreneurial venture

$u_e$  = Unemployment

$g(e)$  = Impact of existing firms

The above equation shows negative impact of existing firm  $g(e)$  on creation of new entrepreneurial venture  $e_n$  because of the belief that creation of new business is lower in environment of stiff business competition and hence rising unemployment. This literature shows a cyclical relationship between unemployment and entrepreneurship. In the abovementioned and many other researches entrepreneurship has been accepted as an instrumental solution to the problem of unemployment as it focuses upon the creation of job (Bokhari, 2012). It can be supported by the study conducted by GEM's Adult Population Surveys from the years 2004 to 2009. Under this study when asked to the nascent entrepreneurs the number of employees that they expect to hire in the duration of upcoming five years, it emerged that 7 out of 10 respondents accepts the likeliness of some job creation, whereas 14 per cent of all new start-up attempter's belief that they

will create 20 or more jobs and 44 per cent of them expected that they will create 5 or more jobs. According to the Kritikos in his article it is presented that in initial years of new business establishment there is usually a growth in the job opportunities, hence results in rise in employment in short run. This phase is followed by a downturn/stagnation phase in medium term because in this phase old established firms finds the competition difficult and lays off staff leading to fall or stagnation in job opportunities. But in long run increased competitiveness raises the demand for new product and hence contributes to accelerated job opportunities. This is also termed as S-shaped effect of new enterprises on employment opportunities over time as shown in Chart 1.1 (Kritikos, 2014).



Source: Fritsch, M. "How does new business formation affect regional development? Introduction to the special issue." *Small Business Economics* 27 (2008): 245-260 [4]. Cited by Kritikos (2014)

**CHART1.1**

**Effect of New Business Formation on Employment**

These arguments support that unemployment can be one of the major reasons which make policymakers to accentuate the importance of entrepreneurship and make attempts to encourage larger section of the society including youth, SC, ST, women and retired employees to take up entrepreneurship as an occupation by introducing numerous recent schemes like Start-up India, Make in India, Trade Related Entrepreneurship Assistance and Development (TREAD), Stand-up India, Micro Units Development and Refinancing

Agency Scheme (MUDRA), Mahila Coir Scheme and many more. Besides unemployment being the most important driving force for the policymakers to think and rethink about ways in which the concept of entrepreneurship can be instilled among the larger section of the society, there are many other factors which has lead to this. The main reasons for this can be listed as under:-

1. Entrepreneurship becomes a medium to commence innovation and hence accelerates growth in the given economy (Kritikos, 2014).
2. Entrepreneurship intensifies the level of competition among the industrial players at a given point of time ((Kritikos, 2014).
3. New businesses boost productivity (Kritikos, 2014).
4. Entrepreneurship becomes instrumental in bringing structural change in existing market by replacing sclerotic firms and with the introduction of whole new set of customers with varied set of needs and hence becomes the engine of future growth process (Kritikos, 2014).
5. Shrinking regularized employment inhibits employment opportunities to majority of youth which becomes a driving force for them to start looking for alternatives that provides the opportunity to meet their need of income generation – starting a new venture and enter into the world of entrepreneurship becomes the most promising alternative for them which they look for.
6. Growth of knowledge economy has generated such market opportunities which appear to be more effectively build up by new entrants than the existing firms. The transition towards much hyped knowledge economy is believed to be key factor for the metamorphosis of economy of a nation to entrepreneurial economy (Stam & Garnsey, 2007).

India has continuously been observed marching towards achieving a tag of acing nations economically. The abovementioned factors have also driven India to explore opportunities with respect to entrepreneurship for an uninterrupted growth of the nation. To have an unambiguous conceptual understanding let us discuss few important definitions pertaining to this study.

## 1.2 Conceptual insights on the frequently used terminologies

### 1.2.1 Entrepreneurship

The US Department of State suggests the origin of entrepreneurship in 1700's and thereafter various theorists have contributed to define entrepreneurs, entrepreneurship and entrepreneurial activity. The term 'Entrepreneur' is drawn from a French verb '*Entreprendre*' which stands for 'to undertake' (Desai, 2014). Scholars are observed making continuous efforts to define entrepreneurs and entrepreneurship ever since its origin.

There are mainly two beliefs regarding definition of entrepreneurship, in the first belief Bygrave and Hofer (1991) as reported by Aspromourgos (2012) suggests that there lack consensus on the concept of entrepreneurship. Hence in their works the researcher needs to highlight their understanding of the term 'Entrepreneurship' with which the research is being conducted. Secondly as pointed by Henkerson in his work '*Entrepreneurship and Institutions*' and cited by Naude (2010) entrepreneurship has many definitions given by number of authors on basis of their comprehension which is generally inclined towards their respective field of study ranging from social anthropology to organizational theory to mathematical economics. In both the cases it is advised to the scholars to clearly define entrepreneurship as it has been considered while conducting their study. In the quest of defining 'Entrepreneurship' we will first go through the definitions stated by various stalwarts in this field.

Traditionally Jean Baptiste Say is considered to coin the term Entrepreneur and advancing it further but originally the French economist Richard Cantillon had used the term entrepreneurship for the first time in about 1730s in his *Essai sur la Nature du Commerce en Général* (Miryala & Aluvala, 2015) by more or less picturing 'entrepreneurship' as 'self employment of any nature' and called 'entrepreneur' as the one who takes risk by buying goods at a given price and sells them at an uncertain prices infuture (Ahmad & Seymour, 2008).

In his paper, Aspromourgos (2012) also supports the argument that the genesis of Theory of Entrepreneurship is in Richard Cantillon's *Essai sur la Nature du Commerce en Général (1755)* – “[I] may be laid down that except the Prince and the Proprietors of land, all the Inhabitants of a State...can be divided into two classes, undertakers [Fr., *Entrepreneurs*] and Hired people; and that all the Undertakers are as it were on unfixed wages and the others on wages fixed so long as they receive them though their functions and ranks may be very unequal. The General who has his pay, the Courtier his pension and the Domestic Servant who has wages all fall into the last class. All the rest are Undertakers, whether they set up with a capital [*un fond*] to conduct their enterprise, or are Undertakers of their own labour without capital, and they may be regarded as living in uncertainty [*l'incertain*]; the Beggars even and the robbers are Undertakers of this class.”

*Richard Cantillon (1755 [1931]:5)*

It is worth mentioning that Anthony Breer noted that while Cantillon's perception with regard to Entrepreneurs is of 'risk taker', Say's perception portrays entrepreneurs as 'planner' (Miryala & Aluvala, 2015).

Jean-Baptiste Say (1816) emphasized upon the role of entrepreneurs by considering them to be one who combines all means of production and gives a value to them. Other eminent scholars like Adam Smith, Alfred Marshall and Frank Knight including J B Say by retaining two soul features of entrepreneurs i.e. risk taking and profit making, further added to Cantillon's explanation of entrepreneurs by adding features like leadership, organization as a feature and most importantly adjudged it to be the fourth factor of production (Ahmad & Seymour, 2008)

According to Schumpeter (1934) entrepreneurs are those who put into practice entrepreneurial transitions in marketplace by bringing innovations in the following five arenas (Ahmad & Seymour, 2008):-

- 1) New or improvised goods
- 2) Innovative methods of production
- 3) Inventing a different set of marketplace
- 4) Inventing a new supply source
- 5) Developing novice business management processes

The diversified nature of entrepreneurship is cogently reflected in the varied definitions proposed by scholars like ‘*Creation of Organization*’ (Gartner, 1988), ‘*Creative destruction or carrying out new combinations*’ (Schumpeter, 1934), ‘*Exploitation of opportunities*’ (Kirzner, 1973), ‘*Bearing uncertainty*’ (Knight, 1921) and ‘*Bringing together factors of production*’ (Say, 1803) are few as documented by Mokaya, Namusonge and Sikaleih, 2012. Table 1.1, as sourced from the work ‘*Defining the Entrepreneur*’ by Louis Jacques Filion, enlists 15 most frequently utilized elements while defining ‘Entrepreneur’ which have been enlisted by scrutinizing the relevant literatures available on entrepreneurship (Filion, 2011).

**TABLE 1.1**

**The elements mentioned most frequently in definitions of the term ‘Entrepreneur’**

<b>Elements defining the ‘Entrepreneur’</b>	<b>Authors</b>
Innovation	Schumpeter (1947); Cochran (1968); Drucker (1985); Julien (1989;1998)
Risk	Cantillon (1755); Knight (1921); Palmer (1971); Reuter Ltd (1982); Rosenberg (1983)
Coordination of resources for production; organizing factor of production or of the management of resources	Ely and Hess (1893); Cole (1942; and in Aitken 1965); Belshaw (1955); Chandler (1962); Leibenstein (1968); Wilken (1979); Pearce (1981); Casson (1982)
Value creation	Say (1815; 1996); Bruyat and Julien (2001); Fayolle (2008)
Projective and visionary thinking	Longenecker and Schoen (1975); Filion (1991; 2004)
Focus on action	Baty (1981)
Leadership	Hornaday and Aboud (1971)
Dynamo of the economic system	Weber (1947); Baumol (1968); Storey (1982); Moffat (1983)
Venture Creation	Collins et al. (1967); Smith (1967); Collins and Moore (1970) Brereton (1974); Komives (1974); Mancuso (1979); Schwartz (1982); Carland et al. (1984); Vesper (1990)
Opportunity recognition	Smith (1967); Meredith et al.(1982); Kirzner (1983); Stevenson and Gumpert (1985); Timmons (1989); Dana (1995); Shane and Venkataraman (2000); Bygrave and Zacharakis (2004); Timmons and Spinelli (2004)
Creativity	Zaleznik and Kets de Vries (1976); Pinchot (1985)
Anxiety	Lynn (1969); Kets de Vries (1977; 1985)
Control	McClelland (1961)
Introduction of change	Mintzberg (1973); Shapero (1975)
Rebellion/delinquency	Hagen (1960)

Source – Filion, 2011

National Knowledge Commission, India, for the purpose of their study defined entrepreneurship as (Goswami, Dalmia and Pradhan, 2008)–

*“Entrepreneurship is the professional application of knowledge, skills and competencies and/or of monetizing a new idea, by an individual or a set of people by launching and enterprise de novo or diversifying from an existing one (distinct from self employment as in a profession or trade) thus to pursue growth while generating wealth, employment and social good”.*

This definition gives a narrow outlook to entrepreneurship than its practical sense that has been practically observed at grass root level. A Consortium of universities started Global Entrepreneurship Monitor (GEM), a global study, in 1999 to analyze the level of entrepreneurship in the studied countries (70 in number in 2013’s Report). GEM 2013 Global report documents the direct implications and contribution of different types of entrepreneurial ventures, even the ventures which are accompanied by less ambitious business activities leading to limited to no growth, towards socio-economic development. Further to enhance comprehension its detailed that many entrepreneurs world-wide take up different business activities because of lack of other income generation opportunity and because indulging into self employment activities offers them opportunity to take care of family expenditure and needs. This kind of entrepreneurship is most prominent in developing countries (Amoros and Bosma, 2014).

**Definition as used for the purpose of the study**

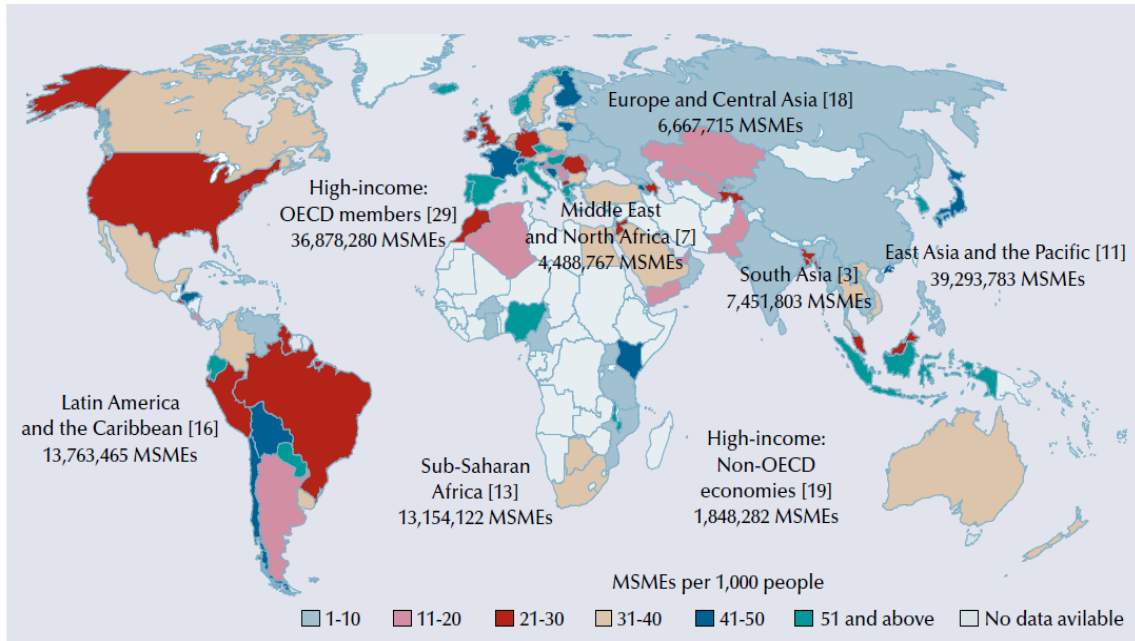
Therefore for the purpose of our study ‘GEM 2013 Global Report’ definition is suitable which defines entrepreneurship as (Amoros and Bosma, 2014)-

*“Any attempt at new business or new venture creation, such as self employment, a new business organization, or expansion of an existing business, by an individual, a team of individuals, or an established business”*



### **1.2.2. Micro, Small, Medium Enterprises (MSMEs)**

MSME have direct implication on development of entrepreneurial ventures and diversification of industrial sector. MSME sector encompasses entire non-agricultural segment of National Economy (Sanjeevan, 2012). MSME Act, 2006 brought together varied set of industrial activities hitherto classified under Small Scale Industries (SSI), Small Scale Business Sector Enterprise, Village and Cottage Industries to make MSME highly heterogenic in nature (Sanjeevan, 2012). This sector now encompasses all kinds of non-agricultural activities from a very small village, town to megalopolitan cities. The heterogeneity of this sector is reflected in different features enterprises like in the size of business which may operate in different markets (rural, urban, local, regional, national and international), with varied level of skills, capital, sophistication and with different kind of growth orientation in organized or unorganized sector of the economy (OECD, 2004). MSME very well covers those self employed / own account entrepreneurs and household enterprises that organize the economic activity at a very low scale and in an informal manner. They may be tiny in terms of its contribution towards the Gross Domestic Product (GDP) but the volume in which they exist (as shown in Fig.1.1) makes it difficult to ignore its contribution towards economy (Sanjeevan, 2012).



Sources- MSME Country Indicators as cited in IFC, 2010

Note – Name of Region [#] signifies the number of economies from the region included in the analysis. The figure uses the most recent data available after 2000. The figure use data for 116 countries.

**FIG 1.1**

**MSME Density across the World**

It is worth noting that statistical definition of SMEs differs from country to country (as shown in Table 1.2) and are generally defined on the basis of number of employees, value of assets and/or value of sales or investment in plant and machinery. For the comfort of data collection the EU and OECD uses number of employees as the basis to bifurcate the category of small and medium enterprises (OECD, 2004).

**TABLE 1.2**

**SME Shares of Manufactured Exports in Developing and OECD Economies**

Economy	Year	Definition of an SME (a)	% SME manufacture exports
<b>Developing Economies</b>			
Chinese Taipei	Early 1990s	<100 employees	56
China	Early 1990s	<100 employees	40-60
Korea	1995	<300 employees	42.4
Vietnam	Early 1990s	<200 employees	20
India	1991/1992	<Rs 30 M investment in plant & machinery	31.5
Singapore	Early 1990s	<100 employees	16
Malaysia	Early 1990s	<75 employees	15
Indonesia	Early 1990s	<100 employees	11
Thailand	Early 1990s	<100 employees	10
Mauritius	1997	<50 employees	2.2
Tanzania	2002	<50 employees	<1.0
Malawi	2003	<50 employees	<1.0
<b>OECD</b>			
Denmark	Early 1990s	<500 employees	46
France	1994	<500 employees	28.6
Sweden	Early 1990s	<200 employees	24.1
Finland	1991	<500 employees	23.3
Japan	1991	<300 employees	13.3
USA	1994	<500 employees	11
Average for 6 OECD countries			24.4
Note: (a) Definition adopted by each study, which may be different to the official national definition of an SME.			
Studies: Korea (Kim and Nugent, 1999), India (Badrinath and Others, 1997), Mauritius (Wignaraja and O'Neil, 1999), Tanzania and Malawi (estimates based on Wignaraja's fieldwork), the remaining countries (OECD, 1997).			

Source – Wignaraja, Ganesh (2003) as cited by OECD (2004)

This table clearly depicts that SME's play no less than crucial role in employment, income generation and export revenues (OECD, 2004).

As per the quick estimates of 4<sup>th</sup> All India Census of MSMEs some statistics with regard to MSMEs in India are (MSME, 2012) –

- i. India has 26 million MSMEs which creates employment to an estimated 60 million people.
- ii. MSME sector contributes to 45 per cent of manufacturing output and 40 per cent to total of export sector in national economy.
- iii. MSME has recorded contribution of 8 per cent towards the total GDP of the nation and has registered a growth rate of 10.8 per cent.
- iv. Out of these 26 million MSMEs only 1.5 million are registered and rest (94 per cent) are unregistered enterprises.

- v. 55 per cent of these MSMEs are mainly distributed in Uttar Pradesh, Maharashtra, Tamil Nadu, West Bengal, Andhra Pradesh and Karnataka.
- vi. MSME accounts for the production of over 6000 products in the country.

The role of MSME becomes more inclusive when it becomes an instrument to transform the economic status of few special segments of the society like women workforce, unemployed youth, SC/STs, physically challenged people and some traditional industries like handicraft etc.

This study focuses on one such segment i.e. women entrepreneurs. In India 26.61 lakhs of women owned enterprises forms 7.36% per cent of total MSMEs (MSME,2014-15) which contributes to 3.09 per cent of industrial output and gives employment to about 8 million people (IFC, 2014). Statistically 98 per cent of women-owned enterprises are micro-enterprises as per this report. This is the pioneer rationale for the researcher to study the women entrepreneurs of MSME sector. The definition for MSME for the purpose of this study is as under.

**Definition as used for the purpose of the study**

MSME Act, 2006 defines Micro, Small and Medium Enterprises as notified, vide S.O. 1642(E) dtd.29-09-2006 is as shown in Table 1.3 as follows:-

**TABLE 1.3**

**Definition of MSMEs as per MSME Act, 2006**

<b>Definitions as per MSME Act, 2006</b>		
	<b>Manufacturing (Investment in Plant and Machinery)</b>	<b>Service (Investment in equipments)</b>
Micro	Does not exceed Rs. 25 lakh	Does not exceed Rs. 10 lakh
Small	More than Rs. 25 lakh but does not exceed Rs. 5 crore	More than Rs. 10 lakh but does not exceed Rs. 2 crore
Medium	More than Rs. 5 crore but does not exceed Rs. 10 crore rupees	More than Rs. 2 crore but does not exceed Rs 5 core

*Source - Development Commissioner-Micro Small Medium Enterprises. Government of India*

Manufacturing Enterprises: - Enterprises betrothed in manufacturing / production of goods pertaining to any industry specified in the first schedule of the Industries (Development and Regulation) Act, 1951.

Service Enterprises: - Enterprises betrothed in the provision of services and are defined in terms of investment made on equipment.

### **1.2.3. Women Entrepreneurship**

1900s brought numerous transformations especially in global labor market arena. The great depression in 1930s and follow-up World War II period marked women's initial entry to the labor market, though the reasons in both the cases were altogether different. While in *'The Great Depression'*, women entered labor market to fulfill the family's requirements which were difficult to meet due to low wages of husband, the 'World War II' experienced women's entry in labor market to compensate the absence of male counterpart due to their indulgence in prolonged and extensive war. The effect of various revolutionary movements like Civil Rights Movement, the Labour Movement and Women's Movement in United States mushroomed to different parts of globe (Smith-Hunter, 2013). This became reason for women to start taking interest in different facets of life from education to politics, and from societal to labor market arenas.

98 per cent of Indian women entrepreneurs are in micro-enterprises (MSME, 2012), this fact marks the pertinent role MSME sector plays to project the entrepreneurial potential the *'better half'*<sup>1</sup> (48 per cent of women in Indian Population as per Census 2001) of the Indian society has. MacRea (2005) as cited by (Smith-Hunter, 2013) contends that entrepreneurship becomes a preferred outlet for women because of number of disadvantages they face in the mainstream labor market like glass ceiling, unequal wages, inaccessibility to men dominated industries (in which no women are hired purposely because of preconceived notions about women being less productive) and sexual harassments are few to mention (Smith-Hunter, 2013). The evolution and role

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<sup>1</sup> 'Better Half' refers to women section of the Indian society on basis of gender composition in population.

played by women entrepreneurs in Indian society has been elaborated in greater detail later in section 1.5 of this chapter.

Government of India as cited by (Sharma, 2013) defined women entrepreneurs on basis of their stake in the firm and employment created, and has been defined as –

*“An enterprise owned and controlled by a women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated by enterprise to women”*

Practically this definition faces two major problems (OECD, 2004): -

- a. Can we call women taking part in family businesses as ‘*Entrepreneurs*’?
- b. What can we term the women partner of enterprises having mixed sex owners?

Kamala Singh as cited (Sharma, 2013) has defined woman entrepreneurs as –

*“A woman entrepreneur can be defined as a confident, innovative and creative women capable of achieving self economic independence individually or in collaboration, generates employment opportunities for others through initiating, establishing and running the enterprise by keeping pace with her personal, family and social life”*

This definition to a larger extent meets the explanation of women entrepreneurs in practical scenario.

### **Definition as used for the purpose of the study**

Furthering the definition of ‘Entrepreneurship’ (given by ‘GEM 2013 Global Report’ which has been mentioned in section 1.2.1) in terms of Women Entrepreneurship for the purpose of this study, author defines women entrepreneurs as follows: -

*“A women entrepreneur in MSME sector can be defined as that economic entity who is vigorously involved in non-agricultural industrial activity, owns and manages the functions of the business enterprise, new or already established by investing most of the day’s time or otherwise towards business activities, invests her own (or borrowed) capital resources, even if in lower proportion (in case of micro enterprises of informal*

*sector), identifies opportunity and bear risk to organize and mobilize the factors of production and the resources of the enterprise, individually as a self-employed or in collaboration or as a member of a family business and produces goods/services to the customers with a primary motive of profit maximization is termed as Women Entrepreneur”*

Profit maximization has been mentioned as primary motive for the reason that MSME not only includes mainstream businesses of organized sector but also includes micro-enterprises of highly unorganized sector like hawkers, home-based business women etc who’s main purpose of being into business is to extract livelihood from the business activity for sole purpose of survival.

### **1.3. THEORY OF ENTREPRENEURSHIP**

There are basically three schools of thought with regard to portray the nature and feature of entrepreneurship - a) Economic theory of entrepreneur b) Sociological theory of entrepreneur and c) psychological theory of entrepreneur. These theories have been discussed in detail in the following sections.

#### **1.3.1. Economic Theories of Entrepreneur**

Economists while explaining a economic system at a particular time in the history explained the role of entrepreneurs in construction of economy. These concepts today form the basis to explain the theories of entrepreneurship. Table 1.4 summarizes the economical thought of thinkers as follows-

TABLE 1.4

Economic Theories of Entrepreneurship

<b>Authors</b>	<b>Theoretical Crux</b>
Richard Cantillon (1755)	‘Entrepreneurs work on uncertain wages, whether they establish, with or without capital’ (Cherukara & Manalel, 2011)
Jacques Turgot, 1766	‘Entrepreneur is the outcome of a capital investment decision’ (Cherukara & Manalel, 2011)
Nicholas Baudeau, 1771	First one to suggest the function of entrepreneur as innovator (Cherukara & Manalel, 2011). Also emphasized on the role of knowledge and information which makes an entrepreneur an economic agent.
Jean Baptiste Say, 1803	‘Entrepreneur coordinates and combines the factors of production.’ (Cherukara & Manalel, 2011)
Alfred Marshall, 1881	According to him there exist a perfect market and hence there is no scope of extra opportunities for profit; less exploitation of labor in production process; everyone earns his marginal contribution to production and national income. (Bula, 2012)
Frederic Barnard Howley, 1907	Enterpriser has the key function of production process- decides the combination of means of production; operates in uncertainty (Cherukara & Manalel, 2011).
Joseph Alois Schumpeter, 1928	Creative destruction (Down, 2010); Create new ways of doing things in starting innovative businesses, which bring them rewards in the form of profits from the brief monopolies they create in these new markets. (Down, 2010)
Frank Knight, 1921	Highlighted the distinction between risk and uncertainty. Emphasizes on the ability to make judgement to earn profit (Down, 2010).
<b><i>Austrian School of thought</i></b>	
Ludwig Von Mises, 1949	Misesian entrepreneur is product of structure of his mind and experiences (Cherukara & Manalel, 2011).
Friedrich Hayek, 1937	Developed Price Theory; Emphasized on alertness and knowledge for opportunity recognition (Barreira, 2010)
G.L.S. Shackle, 1970	Emphasized entrepreneurs to be a decision maker; Entrepreneur is the product of decisions taken in uncertainties and not knowledge (Cherukara & Manalel, 2011).
Israel Kirzner, 1997	‘I view the entrepreneur not as a source of innovative ideas <i>ex nihilo</i> (out of nothing), but as being alert to the opportunities that exist already and are waiting to be noticed’ Kirzner 1973:74 as cited by (Down, 2010).
T.W.Schultz, 1975	Schultz deems them to be the real entrepreneur who can perform reallocation of resources in the situation of disequilibrium (Bula, 2012).
<b><i>Entrepreneur in Mainstream Economics (Cherukara &amp; Manalel, 2011)</i></b>	
William Baumol, 1995	Neo-Classical entrepreneurs are ‘Automation Maximizers’; Entrepreneurship has been observed in numerous societies throughout history; its presence has been productive for some economies, unproductive and even damaging for others where it has negatively influenced the social income and welfare (Rocha,



	2012).
Mark Casson, 1995	'Judgmental decision-making is the defining characteristics of Entrepreneurs (Casson, 2004).
Young Back Choi, 1993	Entrepreneur is a deviant as s/he does not take knowledge for granted and may find things significant which conventionalists do not pay heed to. In this manner Entrepreneur may discover (Yu, 2001).
D.H.Harper, 1996	Entrepreneurship is Profit seeking activity which identifies and solves loosely specified crisis, uncertain and complex situations (Cherukara & Manalel, 2011).

Source - Primary

### 1.3.2. Sociological Theories of Entrepreneurship

As per Ahwireng-Obeng (2006) the various thinkers in this field of study have sought to identify the transformation of human agents and the socio-economic setting in which they operate by examining the role of former and ongoing politics, social and economic institutions and their affiliation with ones values, motivations and incentives and their impact on the role entrepreneur plays in the society (Luiz, 2010). The contributors in this field of study are as shown in Table 1.5 –

TABLE 1.5

#### Sociological Theories of Entrepreneurship

Authors	Theoretical Crux
Gustav von Schmoller, 1901	Entrepreneurship is individual initiative and risk-bearing under private law as constitutive attributes as the head of the enterprise. (Ebner, 2005)
Max Weber, 1904-06	The economic agent in entrepreneurship is greatly influenced by the 'Protestant Ethic' (Berger, 1991)
Leland Jenks, 1944	Furthering the concept of 'Innovator' put forth by Schumpeter, Jenks declares 'The Innovator is a person whose traits are in some part a function of his socio-cultural environment. His innovation is a new combination of factors and elements already accessible'. (Jones and Wadhvani, 2006)
<b><i>Social Marginality</i></b>	
Sombart, 1911	Entrepreneur can be described as an agent concerned with the uncompromising realization of imagined tasks and duties, subject to long-run engagement (Ebner, 2005); creativity and the ability to separate social values linked with entrepreneurship is more recurrent among marginal and minority group. Non acceptance in societies in which they live, enables individuals, to avoid traditional values, and norms, that regulate economic behavior. (Cherukara & Manalel, 2011).

<b><i>Evolutionary Approach</i></b>	
M.T.Hannan and J.H. Freeman, 1977	Theorized 'Population Ecology'; Believed upon integrating the outcome of entrepreneurship, process and the social context where entrepreneurship is existing. (Cherukara & Manalel, 2011).
Patricia Thronton, 1999	Entrepreneurship is the formation of organization <i>de novo</i> which is occurs as a context-dependent, social and economic process. (Cherukara & Manalel, 2011).
Eric Stam, 2002	Defined entrepreneur as individuals who within specific social and physical scenario, living at certain concrete time and spaces. (Cherukara & Manalel, 2011).

*Source - Primary*

### **1.3.3. Psychological Theories of Entrepreneurship**

Psychological theories of entrepreneurship enable us to understand entrepreneurship with the application of personality based concepts. The justification of associating these two fields of study is underlying in (Frese, 2009) -

- i. Evidences which reiterates that personality may play a crucial part in shaping entrepreneurship out of which main is meta-analytical evidence that highlights the importance of personality traits
- ii. The research conducted by different researchers to divulge the personality traits effecting entrepreneurship
- iii. The various studies in psychology started revealing variables other than personality traits which seemed applicable in different fields of study.
- iv. The breakthrough advances in psychology as a domain of study worked as magnet for entrepreneurship to be studied from psychological viewpoint.

There have been numerous thoughts presented in this field of study by various thinkers which have been represented in form of following Table 1.6.

TABLE 1.6

Psychological Theories of Entrepreneurship

Authors	Theoretical Crux
David C McClelland, 1961	'Entrepreneurial conduct is determined by the need for personal achievement leading to a penchant for becoming an entrepreneur'. (UNCTAD, 2005)
Hagen, E.E., 1962	Entrepreneurial conduct in an individual is the result of being alienated from the society which drives them to assert themselves by enterprise (Hamilton and Harper, 1994).
Rotter J.B	Locus of Control; An internal locus of control should lead to higher entrepreneurial performance as there is need of great inner self-motivation. (Frese,2009)
B.S.Gilad, 1982	Furthering Rotter's viewpoint Gilad concludes that an individual's locus of control plays a crucial role in determining his/her level of entrepreneurial alertness which affects the entrepreneurial behavior accordingly. (Hamilton and Harper, 1994)
Kets de Vries, 1977;2009	Psychodynamic Model; An in-depth study of Entrepreneur as personality leads Kets de Vries to mention these six main psychological themes – a need for control, a sense for distrust, a desire for applause, a tendency to 'split', scapegoating and the flight into action. (Ostergaard, 2014)
<b><i>Situational Approach</i></b>	
Glade W. P. 1967	It holds that an 'Opportunity Structure', an 'Objective Structure' of an economic structure and a structure of differential advantages in the capacity of the systems participant to perceive and act upon such opportunities. (Thronton, 1999)
Greenfield S. M. and Stickon A., 1981	Entrepreneurial Mechanism can bring paradigm shift to a society; Entrepreneurs reflects unique characteristics like risk appetite, alertness to new opportunities, creativity capacity to convert them into commercial entity. (Vu, Napiar and Hoang, 2012)
Gartner, W. B. 1985	There are no as diversified personality difference between entrepreneur and non-entrepreneur than entrepreneur w.r.t other entrepreneur; Owners/Managers are highly heterogeneous group; Descriptive and behavioral definition of Entrepreneurship can be – Entrepreneurship is the creation of new organization. (Rauch & Frese, 2000)
<b><i>Social Constructionism</i></b>	
Elizabeth Chell, 2000; 1985	Entrepreneurs are well networked; In case of Entrepreneurship, behavior is the function of personality and situation, and their interaction (Chell, 2008).

Source - Primary

## 1.4. Types of Entrepreneurs

Many authors have attempted to classify entrepreneurs and small business owners on ground of thereby established typologies and taxonomies (Filion, 1998). Filion further presents few important typologies as propounded by various authors as shown in Table. 1.7.

TABLE 1.7

### Typologies of Entrepreneurs

Authors	Date	Typology
Collins, Moore et al. Collins and Moore	1964 1970	Two types of entrepreneurs: 1. The administrative entrepreneur 2. The independent entrepreneur
Smith	1967	Two types of entrepreneurs: 1. Craftsman 2. Opportunist or business entrepreneur
Laufer	1974	Four types of entrepreneurs: 1. Manager or innovator 2. Growth-oriented owner-entrepreneur 3. Entrepreneur who refuses growth but seeks efficiency 4. Artisan entrepreneur
Vesper	1980	At least 11 types of entrepreneurs: 1. The self-employed working alone 2. Team builders 3. Independent innovators 4. Multipliers of existing models 5. Exploiters of economies of scale 6. Capital gatherers 7. Acquirers 8. Artists who buy and sell 9. Conglomerate builders 10. Speculators 11. Manipulators of apparent values
Julien and Marchesnay	1987 1998	Two types of owner-managers: 1. PIG (perpetuation, independence, growth) 2. GAP (growth, autonomy, perpetuation)
Lafuente and Salas	1989	Four main types of new entrepreneurs in Spain, based on entrepreneurial aspirations: 1. Craft 2. Risk-oriented 3. Family-oriented 4. Managerial
Hornaday	1990	Three types of entrepreneurs: 1. Craft

		2. Promoter 3. Professional manager
Miner (following work by Miner, Smith et al.)	1990 (1989)	Three types of entrepreneurs: 1. Entrepreneur 2. Growth-focused entrepreneur 3. Manager
Filion	1994, 1996	Two types of entrepreneurs: 1. Operator 2. Visionary
Siu	1995	Five types of owner-managers in China: 1. Senior Citizen 2. Workaholic 3. Swinger 4. Idealist 5. Hi-Flyer

*Source –Filion, 1998*

Given the fair understanding of typologies put forth by respective authors Filion also highlights that no one classification suffice covering complete types of entrepreneurs (Filion, 1998). But these classification become foundation for the researchers to conduct their research and explore the similarity and deviation of their set of sample entrepreneurs from the abovementioned and other typologies.

Advancing from discussion of entrepreneurial typologies to the discussion of entrepreneurial practices it may be stated the entrepreneurship in India has faced many era's. A renewed effort to document, comprehend and assimilate business history of India becomes a pressing need and a meaningful endeavor to advance this study. In next section let us discuss in much detail the evolution of entrepreneurial DNA in India.

## **1.5. Entrepreneurship in India**

Many research papers and book authors have written about the entrepreneurial DNA of India. In fact, Indian diaspora is considered to be one of the most successful entrepreneurs around the world (PWC, 2014). India has history of entrepreneurship in its very origin. Economists like Adam Smith and Max Weber (as cited by Audrestch & Meyer, 2009) emphasized that economic conditions of a nation are greatly determined

by the religious beliefs According to Audrestch & Meyer (2009) in India there exist interesting relationship between the religious culture and economic behavior. Main religions in India are Hinduism, Buddhism, Sikhism, Islam, Christainity and Jainism. Hinduism is dominated by varna system which shapes individuals values and beliefs. . While presenting his views about Hindu education in about 1000 A.D Al-Beruni remarked Hindu people were ignorant about the art and culture of west as they mostly remained detached from the outer world which continued for 800 years (Tripathi, 1971). The educational system propogated the occupational system related to the caste system. Ancient scriptures presents the existence of 4 main varna's in India – *Brahmin* who were traditionally involved in religious activities like performing rituals etc in temples and rite of passage rituals like solemnizing a wedding with hymns and prayers etc, *Kshatriyas* were monarch or the king involved in the protection of land which was ruled by them, *Vaishiyas* were mainly cattle herders, agriculturists, artisans and merchants i.e. mainly traders and businessman, lastly *shudra* which was mainly involved in serving the other three vernas. Initially the occupation of the person represented their caste which gradually started passing on to the future generations (Audrestch & Meyer, 2009). Hence from centuries Indian economy has been greatly affected by the occupational choices people made based on their varna's. Al-Beruni as cited by Tripathy, has also remarked that business was considered to be low esteemed profession (Tripathy, 1971). According to Kautilya, businessman was a thief, and this view was seen permeated in Indian society for coming many years (Tripathy, 1971). In 1950 the varna system of caste stratification was abolished by Indian government and since then choice of occupation no longer depends upon the ancestral origin of person (Audrestch & Meyer, 2009).

### **1.5.1. Pre Colonial India before 1757 –**

In the pre-colonial era Indian Trade and business were at its peak. Techniques like smelting of brass and tin were mastered by Indians. Kanishka Empire is believed to be nurturing Indian entrepreneurs and traders. Following this period is the period which is marked on increasing business ties of Indian traders with Roman empires (Pahurkar, 2011). This period also faced the ingress of Portuguese and English traders and experienced the beginning of European Commercial Enterprise at around 1600 in India.

Due to European Commercial Enterprises (East India Company being the main) this period gained India more profit over Europeans or exploits of East India Company as the demand for Indian goods was more in Europe and English nations and their exploits than demand for their goods by Indians. This kept balance of trade always inclined in favor of India. Due to the fact that Indian economy is in profit more than their countries, government of both the countries made regular amendments in their trade regulation to restrict the usage of Indian product in respective countries. But according to the little knowledge available, it can be stated that there was net gain to Indian economy at least till 1757 when British occupied a part of Bengal. This profit to the Indian economy was majorly enjoyed by mercantile class of Indian Society which utilized this profit for their traditional activities like trade and money lending. For this era the European travelers have testified that these mercantile class like Vora's in Gujarat, Seths of Eastern part of India (who flourished in the early half of 18<sup>th</sup> Century) and Malya's of Tamil Nadu were very clever in their business sagacity and possessed business sense no less than their western counterparts. It was clear in this era that their business practices were away from any religious beliefs and were to satisfy their personal needs. Hence there was no substantial constructive development in the way businesses were done. Easterbrook's concept of the 'Climate of Enterprise' was observed flourishing in Indian environment in this era which was more dominated by material environment over spiritual and religious environment.

### **1.5.2. Colonial India (1757-1947) –**

This era earmarked the development of many new businesses introduced by East India Company and Parsi's in India (Tripathy, 1971).

- Tea Plantation - East India Company started Tea Plantation in around 1830's in Assam Hills with an intention to hand over the plantation business to private enterprises. In 1837, the company was ready to hand over the business to private Bengali players but Bengali businessmen were hesitant to take advantage of this opportunity.
- Coffee Plantation and Jute Plantation like tea plantation was entirely introduced by East India Company.

- Established businesses of Leather Manufacturing
- They hugely invested in exploitation of untapped natural resources as products like in indigo plantation, coal mining and made an unsuccessful attempt to establish their business in steel manufacturing in India

Cotton Textiles and Steel manufacturing were to such industries which did not attract the British, and probably because of this Indian entrepreneurial interest was prominently visible in these industries. It's worth mentioning that first cotton textile mill was established in 1851 by a Parsee, Cowajee Nanabhoy Davar (Tripathy, 1971) and J.N. Tata again a Parsee from 1868 to 1904 kept venturing into number of businesses from a trading firm in 1868, to a world class hotel, The Taj Mahal Palace Hotel in 1903. In between he as a fervent entrepreneur kept venturing into number of businesses like in 1869 he bought a bankrupt oil mill and converted it into cotton textile mill and then sold it on profit after two years, he again started a cotton mill at Nagpur in 1874 which he name Empress Mill after the name of Queen Victoria who was proclaimed empress of India on 1<sup>st</sup> January, 1877 (Tata Central Archives, Circa 1900). Jamsetji Nusserwanji Tata, who is considered to be the legendary 'Father of Indian Industry', was more than an entrepreneur who by his vision elevated India to claim a position on global arena of industrialized nations. He was ignited with immense sense of nationalism and zeal to advance the economic status of India from its current standing. At a time when few business legends like Andrew Carnegie, J.P. Morgan and J.D. Rockefeller of his western counterpart were busy developing their business empire by disobeying laws and exploiting labor force in late 1800s, Jamshedji was exploring measures in welfare of his labor force and also became a salaried Managing Director who was reporting to a functional board of directors, a practice which was worldwide introduced in 'Corporate Governance Framework' much later (Gopalakrishnan, 2014).

Thereby this era provided many innovative and unexploited business opportunities to those who wanted to explore their entrepreneurial skillfulness. Also, according to Tripathy, 1971 in his paper 'Indian Entrepreneurship in Historical Perspective' in EPW its pointed that during this period British Empire and Parsee industrialists introduced many business opportunities to Indian market and provided a platform to Indians to introduce to them latest high end technologies, assuring them personnel who are well trained in using these technologies and groomed them on various corporate management skills.



The writing of Raj K Shankar argues, although British Empire brought in India long awaited administration and organized infrastructures but it is equally true that their ruling pushed Indian businesses towards extinction (Shankar, 2009). Shankar's writing disseminates, in the strict ruling of British Empire which almost made India a sourcing geography for their business empires, imposed one way trade from of Britain to India and imposed high taxes on Indians in nearly all forms of trade and productions which snatched India's tag of being rich and self reliant. In this period Indian entrepreneurial spirit was persistent by the efforts of business eminent like A.D Shroff, John Mathai, Lala Shri Ram, Kasturbhai Lal Bhai, Purshotamdas Thakurdas, Birla and Tata, who kept developing their empires even in the adverse regime of British ruling. It is also believed that they worked coherently in 1944 towards 'Bombay Plan' to bring rapid industrialization in India and to achieve self reliance. But how one could expect this dream to flourish in British regime? Hence these entrepreneurs seemed extending financial assistance to freedom fighters. G.D Birla is believed to be one such entrepreneur who provided financial aid to Mahatma Gandhi for the national cause of freedom from planned colonization of British Empire.

### **1.5.3. Post Independence (1947 onwards)–**

The India which was taken over by Nehru was full of diverse set of people in terms of religion, language, economical status and interests. Nehruvian Era focused prominently on ensuring stability, establishing governance and creating jobs (Shankar, 2009). The work of Tabe and Gariappa (2013) in their book *'Entrepreneurship Development in India – Emergence from Local to Global Business Leadership'* gives a fairly clear gist of how did entrepreneurship grow in India post independence. Book reveals that post independence India was exploring models for economic development and finally zeroed on Mahalanobis Model.

- Mahalanobis Model divides Indian Economy into four major sectors (Komiya, 1959) –  
Sector – 1 – Investment goods industries,  
Sector – 2 – Factory organized, consumers' goods industries,

Sector – 3- Small Scale, house-hold industries consumers' goods

3-1 – Agriculture

3-2 – House-hold or handicraft industry

Sector – 4 – Service industries, including health, education and so on.

- This model proposed to development of investment goods industries sector like investment in mining and production of capital goods, infrastructural development including electricity generation and transportation over the development of service and household goods sector.
- Model paid less attention to invest on factory goods sector based on the belief that it is capital intensive and wouldn't serve the problem of massive unemployment.
- Investment activities were proposed to be done both by Government and private sectors. Government made investments in strategic sectors like in national defense and in sectors where size of investment was that huge that private sector could not invest in these sectors like in infrastructure. Government planners would decide the sectors in which private sector was required to make investments for the India's economic growth. In nutshell, Government not only did start determining activities/sectors in which private sectors should be investing but government also started making key decisions on production, selling of produces and prices of produces for private companies.

Shankar (2009) writes in his article 'The rise and rise of Indian Entrepreneurism', the time from 1965 to 1990 can be considered most challenging both from economic development and entrepreneurial state of affairs perspective. Government policies became more strict, rigid, bureaucratic and authoritarian which lead the downfall of industrial output from 7.7% to 4% during 1966to 1980. 1969 was remarkable year as government introduced two more steps:-

- First was Nationalization Act which led to nationalization of banks and insurance companies. Article 'Nationalization of Banks in India – The Economic Effect' in UK Essays underlines that the motive of nationalization was to own the means of production, distribution and exchange by state thereby to effect the rational allocation of output, consolidation of resources and rational planning of the economy. By this government intended to exercise full control over means of production thereby ensuring equal distribution of output for the benefit of public at large (UK Essay, 2015).
- Second step was implementation of Monopolies and Restrictive Trade Practices Act (MRTP Act) which accorded the debarring of business expansion of businesses with

turnover over Rs. 20 crore. Due to this reason over 100 proposals of Tata with regard to business expansion of existing businesses were rejected. This proved deterrent to entrepreneurial wave of the post independence economic scenario (Shankar, 2009).

When India lacked business opportunities, youth started identifying opportunities beyond the national border giving rise to infamous phenomenon ‘The Brain Drain’. During this period few prominent Indian Entrepreneurial names included Sabhir Bhatia, Lakshmi Mittal, Vinod Khosla etc whose efforts achieved colossal success in foreign land against their Indian counterparts. Back in India, business entrepreneurs were still looking for opportunities to knock their doors (Shankar, 2009).

In nutshell it should be understood that in this era towards 1970s Indian market was infamous as most protected and heavily regulated economies in the world. Only in mid 1970s and then later in 1980s tentative steps were taken to liberalize the market (Kotwal, Ramaswami and Wadhwa, 2011).

#### **1.5.4. Post 1991 – Impact of Liberalization**

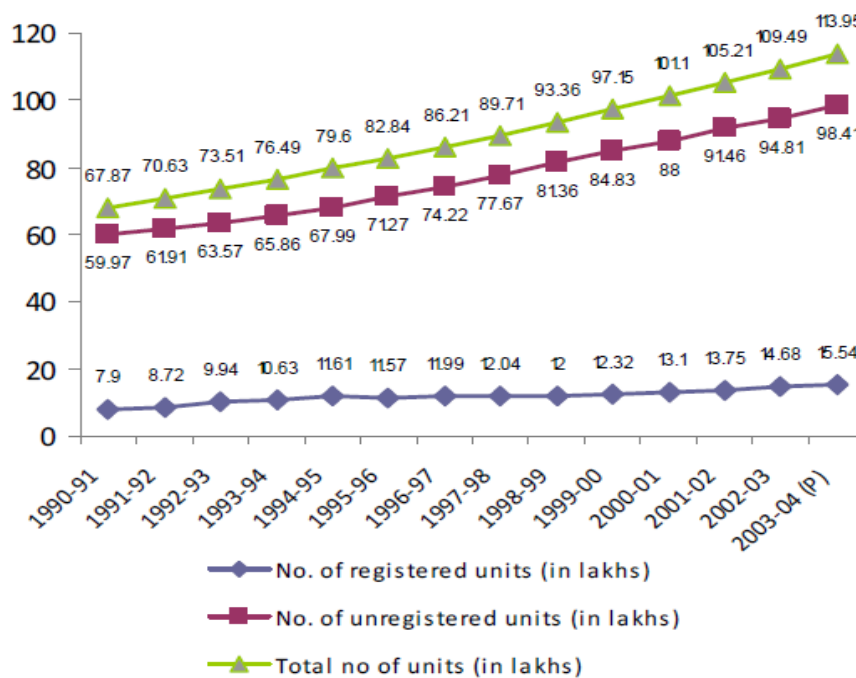
Post liberalization MSME sector in India experienced tremendous change. In his article Shankar (2009) gives a clear picture of scenario prior to 1991. Prior to 1991 when the economy was closed, protected and regulated by the federal government, it was difficult for a common man to envision business venture of his own. Business was very much restricted to rich and eclectic few like Tata’s and Birla’s. Then came few more names who dared to open up establishments in the strict regulations among whom the pioneering ones are Dhirubhai Ambani, Munjals and Rahul Bajaj.

In post liberalized era measures like systematic efforts to reduce license-raj marks the importance which led even the small investors to start up their entrepreneurial ventures. The greatest impact of liberalization was visible on the rising number of first generation entrepreneurs (Shankar, 2009). Many new form of businesses were being explored by these first generation entrepreneurs mainly in IT sector gradually giving rise to ‘*Knowledge Economy*’ (Goswami, Dalmia and Pradhan, 2008) . Government was

vigilant on the industrial performance and its growth which had the potential to safeguard the sinking economy hence started adopting measures especially to encourage MSME sector for the welfare of the economy. It can be further supplemented by the submissions made by Ravi (2014) in his work *'What drives Entrepreneurship? Some Evidence from India'*. In this work the growth of MSMEs has been captured from 1991 to 2006 by analyzing the panel data of 35 States and Union Territories. According to this paper, India witnessed steady growth in the number of MSMEs from 67.07 lakh in 1991 to 113.95 lakh in 2003 (Ravi, 2014).

**CHART 1.2**

**Growth of Indian Micro, Small and Medium Enterprises Sector (1990-2003)**

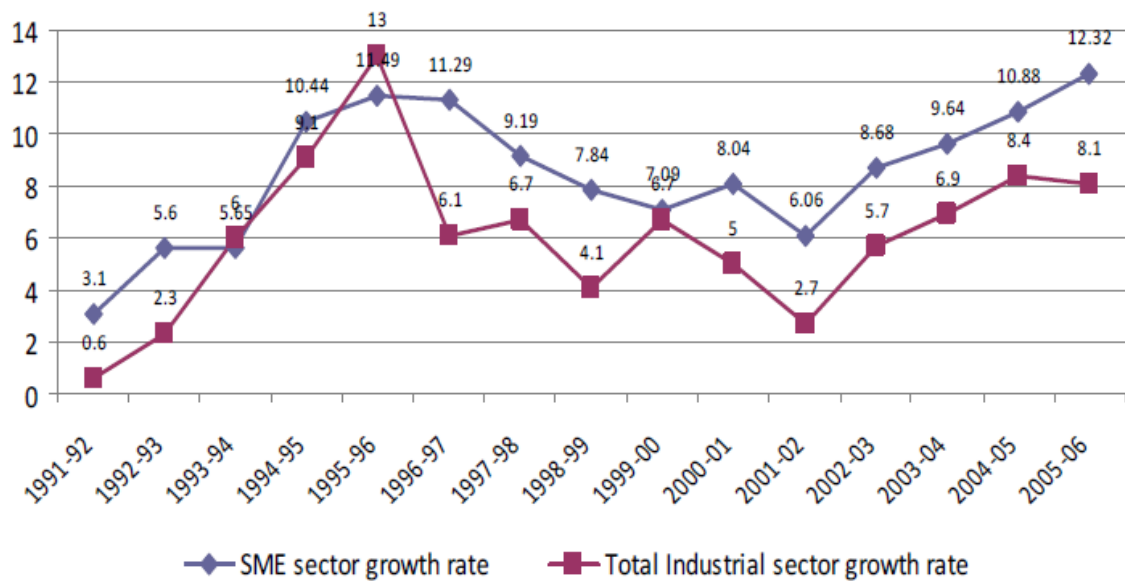


Source – Annual Survey of Industries, Ministry of Statistics and Program Implementation, GoI as cited by Ravi (2014)

Chart 1.2 also highlights an important point which cannot be overlooked. The rise in the number of unregistered enterprises outnumbers the numbers of registered enterprises. Therefore the crucial role played by unregistered firm is impossible to be overlooked.

CHART 1.3

Comparing growth of SME sector to Industrial Output



Source – Annual Survey of Industries, Ministry of Statistics and Program Implementation, GoI as cited by Ravi (2014)

On comparing the growth rate of SME sector with that of total industry for the period 1990 – 2000, it is revealed that the growth rate of SME sector is consistently higher than the total industrial growth rate especially after 2000 as shown in Chart1.3. On an average the growth rate of SME sector has been observed as impressive 8.47 per cent as against 6.1 per cent in case of total industrial growth rate (Ravi, 2014).

Some important policy changes for SME development during this period were (Ravi, 2014):-

- Targeted State policies for SME development -
  - a) State financial subsidy for MSME development
  - b) Establishments of industrial parks for MSME development
  - c) Cluster and park set up for MSME development
  - d) State expenditure support towards technology adoption for MSME up gradation
- General development policies affecting MSME and hence entrepreneurship were –
  - a) Investments on infrastructure which directly boosted opening of new entrepreneurial ventures.

- b) Increase in the number of bank branches which enhances the accessibility of finance to majority of public.

A regression analysis carried out in the study lead by Ravi (2014) to understand the effectiveness of above policy measures on the performance of the MSME sector divulges that most effective measures out of the above have been facilitating the enterprises with infrastructural facilities (like roadways, electricity, buildings, better connectivity etc) and extending the accessibility to finance by increasing the number of branches, setting up clusters and parks and assisting in technology upgradation (Ravi, 2014).

It can be concluded that government's role in this period have been effective mainly as facilitator and by creating an enabling environment entrepreneurial players.

### **1.5.5. Post Recession (2008 onwards)**

In the recent past India again faced major economic setback due to the backdrop of interconnectivity of financial markets across the globe. It started in U.S financial market due to three major reasons (Secretariat, 2009)–

- Sub-prime Mortgages
- Securitization and Repackaging of Loans
- Excessive Leverage

The entwined global economy especially the over dependency of world economy on U.S. market led the fall of economies in developed as well as in developing countries.

In this context the then Prime Minister of India, Shri Manmohan Singh recognized this as a crisis in following words (PM in G-20 Summit as cited by Secretariat, 2009) –

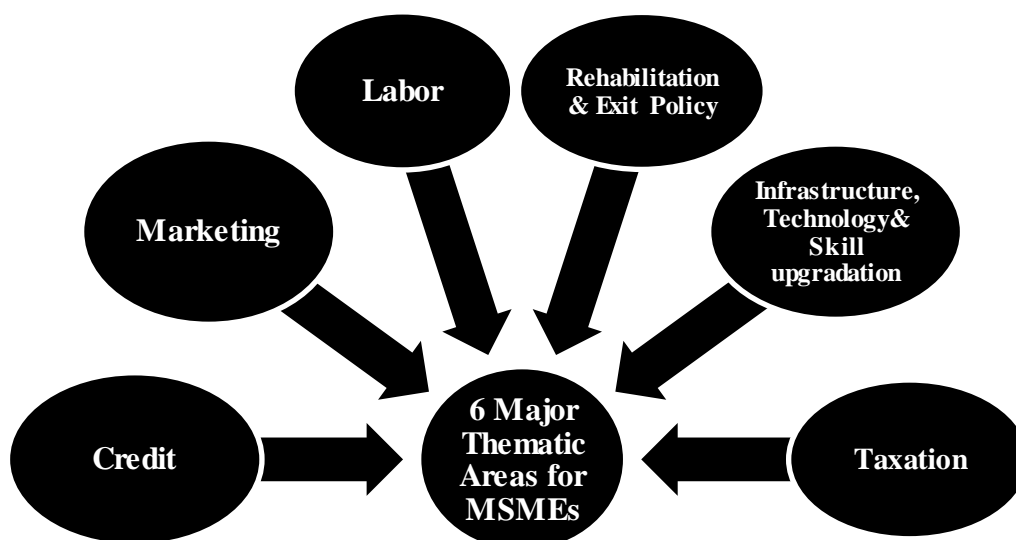
*“..It is a time of exceptional difficulty for the world economy. The financial crisis, which a year ago, seemed to be localized in one part of financial system in the U.S., has exploded into a systematic crisis, spreading through the highly interconnected financial markets of industrialized countries, and has had its effects on other markets also. It has choked normal credit channels, triggered a world-wide collapse in stock markets around*

*the world. The real economy is clearly affected. ... Many have called it the most serious crisis since the Great Depression.”*

India experienced the effect although in lesser extent than other economies thanks to strong domestic demands, with growth falling to just 6.7 per cent in 2009 (Verick & Islam, 2010). In terms of industrial performance following effects were visible–

- a) Service sector which contributes to 50 per cent of share in GDP experienced decline especially in transports, communication, trade and hotel and restaurants sub-sector (Secretariat, 2009).
- b) Manufacturing sector showed severe decline from 9.8 per cent in April-November, 2007 to 4.0 per cent in April-November 2008 (Secretariat, 2009).
- c) Export market affected the export driven sectors like gem and jewelry industries, fabric and leather industries (Secretariat, 2009).
- d) Federation of Indian Micro, Small and Medium Enterprises in December 2008 reported that nearly 4000 ancillary units are on the verge of shut down negatively affecting the livelihoods of about 200,000 people (UNCTAD, 2010).
- e) A lot of industry took the path of either shut down or downsizing affecting the livelihood of masses of employed population like 50,000 employees lost their jobs in engineering industries in Coimbatore, around 70,000 people lost their jobs in automobile industry as reported by Auto Components Manufacturers Association between September to December, 2008, and worst of all was the scenario of Diamond sector in Surat where nearly 2,00,000 people are estimated to have lost their jobs (UNCTAD, 2010).

Considering the importance of imperative role played by MSME sector for the overall augmentation of National Economy, Indian Prime Minister announced a task force on MSMEs on August, 2009 (PWC, 2011) under the Chairmanship of Principle Secretary Shri. T.K.A Nair. The task force identified six widespread problems under major thematic areas to be addressed as shown in Fig 1.2.



Source – Figure prepared by researcher on basis of information received from (PwC and CII, 2011)

FIG 1.2

#### Six Major Thematic Areas for MSMEs

Government started taking actions on the recommendations provided by the task force especially in the areas (MSME, 2010)

- Credit - easy and adequate credit facility like implementation of credit guarantee scheme, credit rating scheme and policy packages.
- Marketing – Government with the establishment of Department of Expenditure (DOE) and Chief Vigilance Commission (CVC) has proposed Public Procurement Policy which mandates the public bodies to procure 20 per cent of their purchases from MSMEs for a period of 3 years.
- Labor –Recognizing the transaction cost of Labor Laws in MSME sector is relatively higher recommendations like efforts to pass Labour Law Amendment Bill, Ministry of Labour and Employment should diligently examine ESIC and EPF Act and will utilize unclaimed Rs. 5000 crore lying with EPFO for the welfare of the workers etc.
- Rehabilitation and Exit Policy – Few important actions recommended for this issue includes, first, appeal to MSME owners to convert into Limited Liability Partnership Act, 2008 or One Person Company as introduced under Companies Bill, 2009 to reduce the registration and transaction cost and second, introduction of model insolvency act which enables the speedy exit of unincorporated enterprises etc.



- Taxation - Various measures in consultation with Department of Revenue was recommended to be implemented for the tax relaxation and upgrading the limit of tax exemption from Rs. 40 lakh to Rs. 1 crore etc.
- Infrastructure/Technology/Skill Development/Institutional Structures:- Expansion of scope of existing Integrated Infrastructural Development (IID) Scheme, provision of 60 per cent of land in ongoing industrial park for MSMEs, setting up of common estates/clusters on PPP mode in the ongoing schemes of various ministries, earmarking of at least one industrial estate for MSME sector, initiatives taken under the National Manufacturing Competitiveness Programme (NMCP) by MSME ministry for the upgradation of the technology, establishment of '*Technology Banks*' which will be mainly engaged in developing technologies for the MSME sector, CAPART to play its role for innovations and advancements in rural areas, oath to train 500 million people by 2022, linkages to strengthen between industry and skill development agencies, involvement of Panchayati Raj Institutions to impart training to artisans of the villages, and many such scheme were recommended to be implemented.

According to the Annual Report-2012-2013 many of the above recommendations have been achieved and ongoing recommendations are being monitored periodically.

In nutshell by 2012 Indian economy was relatively stable and had started taking pace to achieve new heights in terms of performance in growth front. Government was taking every possible step to ensure the speedy recovery of hit economy by the waves of economic recession. Steps like supporting the growth of MSMEs through establishment and development of industrial clusters, industry-focused investment regions, implementing reforms in thematic areas, promotion and spreading out of MSMEs adopting innovative initiatives and launch of cluster development measures to support and reinforce the augmentation of the sector (CII, 2010). Many promising industries were recognized and the target groups were given skill development training in Food and Agro Sectors, Biotech and Pharma Sector, Defense and Homeland Security (within the supply chain of defense and aerospace which is further motivated by the 100 per cent opening of Defense Sector for Indian private sector participation subject to licensing), Cleantech or Green Technologies etc (PWC and CII, 2011)

## 1.6. Women Entrepreneurship in India

Historically there has been radical shift in the role women especially when it comes to Indian society. The evolution of role women has played can be comprehended in Fig 1.3.

Women Entrepreneur in 1950's	<ul style="list-style-type: none"> <li>•Female who became creator/managers of business ventures because there was no male member in the family and not in presence of male in family.</li> <li>•They had to fight number of social barriers to keep their family surviving.Very few of these kinds of females were found in fifties.</li> </ul>
Women Entrepreneur in 1960's	<ul style="list-style-type: none"> <li>•Decade of women getting education and thereby having aspirations for oneself. They used to get married and obey all social norms parallely started taking small steps to establish one-women enterprise at home to find a meaning for the self and not for economic self-sufficiency.</li> </ul>
Women Entrepreneurs in 1970's	<ul style="list-style-type: none"> <li>•Era of women getting into mainstream workforce. Unlike their mothers they were not only having aspirations but also had ambitions and they chose to become self employed not beacause of compulsions but to take charge of ones' life. It was not only one-women enterprise but enterprise employing many others too.It was era of much active and ambitious female entrepreneurs</li> </ul>
Women Entrepreneurs in 1980's	<ul style="list-style-type: none"> <li>•Women in this era were highly educated and technologically sound. They had various technical education in medical , engineering and similar fields. They opened their clinics, Nursing homes and many joined their fathers and husbands to equally contribute in business. But at the same time they faced social hostility, family oppose as women were hold guilty for not obliging with social roles and traditions.</li> </ul>
Women Entrepreneurs in 1990's	<ul style="list-style-type: none"> <li>•Women in this shown a drastic change in their philosophy of living. Women were not ready to accept nonsense in their married life and took extreme decisions to lead their lifes in their own way. Many couples chose to stay childless to focus upon work. Daughters/wives have contributed in their family/own business ventures and outshined their father/husband in the world of business. Couple chose to have single issue so that women can play the multiple roles in an effective way.</li> </ul>

Source - "A reflection of Indian Women in Entrepreneurial World", Working Paper (Research and Publication, IIM-A, India) W.P. No. 2005-08-07, August 2005, Pg. 12

FIG 1.3

Process of growth in Social Status of Women Entrepreneurs in Indian Society

A brief history of commencement of women entrepreneurship in India has also been documented in Gujarat – MSME Report, 2013. According to it women entrepreneurship in India initially started as part of community enterprises which at the inception was a social programme of community development and women empowerment. The Community Development Programme of 1950s and Women’s Co-operative Movement of 1960s were the basis for women to come together in groups who later indulged into economic activities. Such organizational initiatives became a tool in the hands of federal and state governments for poverty reduction in the 1990s. Government started encouraging women establishments by State-sponsored poverty reduction mission which steadily merged with larger stream of national micro-finance movement. Although number of such initiatives were encouraged but it is difficult to track that how many of such organizational initiative were added to the ecosystem of Indian Businesses. Kudumbashree in Kerala and the Madhya Pradesh Rural Livelihood Projects were few widespread state-sponsored projects which can be named (Gujarat – MSME Report, 2013).

The struggle made by women section of the society is not hidden. Fig.6. depicts the firm steps women have taken in different eras to step out in the society for carving a niche for them. In the ongoing economy some statistics pertaining to MSME and women’s participation in MSME is facilitated by 4<sup>th</sup> All India Census of MSME as reported by Annual Report on MSME 2014-15 as shown in the given Table1.8:-

**TABLE 1.8**

**Women Enterprises in MSME sector in the India**

<b>S.No.</b>	<b>Characteristics</b>	<b>Registered Sector</b>	<b>Unregistered Sector</b>	<b>EC-2005*</b>	<b>Total</b>
1	Size of Sector (in lakh)	15.64	198.74	147.38	361.76
2	No. of Women Enterprises (in lakh)	2.15 (13.72%)	18.06 (9.09%)	6.40 (4.34 %)	26.61 (7.36%)

\* *Economic Census – 2005*  
Source- *Annual Report, 2014-15*

The table is evidently illustrating the less participation women shows (7.36 per cent of total) in start-up businesses. Statistically GEM studies are consistently depicting less

participation of women than men the start-up businesses regardless of the national context Allen et al., as cited by Alsos, Jensen & Ljunggren (2010). In their article 'Gender and Entrepreneurship' (Alsos, Jensen and Ljunggren, 2010) the phenomenon of entrepreneurship has been greatly acknowledged as '*Gendered*'. In 1980s the wave of studies on gender and entrepreneurship erupted. These studies exposed the gender imbalance existing in entrepreneurship and also revealed important characteristics of men and women entrepreneurs. But these studies failed to unveil the reasons behind the imbalance (Alsos, Jensen and Ljunggren, 2010).

In recent times many studies have been thriving in grabbing the nerves of this phenomenon. GEM 2012 Women's Report, a study of 67 economies conducted by GEM in 2012, highlights few important attitudes and context factors associated with women entrepreneurship in the given economies as (GEM, 2012): –

- i. *Societal perceptions of opportunities in the environment*–It intends to identify the societal perception on - whether or not enough opportunities are available in market for women to project their entrepreneurial skill? Developed Asia is believed to have lowest average perception i.e. mere 19 per cent of opportunity for women entrepreneurs relative to other economies like Sub-Saharan African and Latin America/Caribbean (69 per cent) and developing Europe (26 per cent).
- ii. *Self assessment about capabilities and fear of failure* – In every economy a general notion avails of men are more capable over women. 73 per cent of Sub-Saharan African women are with highest average level of perceived capabilities while not majority of women in Developed Asia (only 16 per cent) have perceived capabilities in self. Fear of failure is observed by 47 per cent of women in Developed Asia against 25 per cent of sub-Saharan African women, 31 per cent of Latin American/Caribbean women, 52 per cent of Israel women among the others.
- iii. *Necessity versus opportunity motives*–Entrepreneurship can prevail in backdrop of unavailability of any other mode of income generation i.e. necessity based or it can be out of an intense aspiration to chase an opportunity. In Mid Asia there quite substantial women entrepreneurs i.e. 36 per cent, who fall in the former class of necessity based entrepreneurship against 37 per cent in Sub-Saharan an MENA. Developed Europe unveils highest number of opportunity based i.e. 73 per cent women entrepreneurs.

An International Finance Corporation (IFC) Report on 'MSME Finance – Improving finance to women-owned businesses in India' (2014) underscores the constraints on demand side and supply side of access of finance for women entrepreneurs (IFC, 2014) –

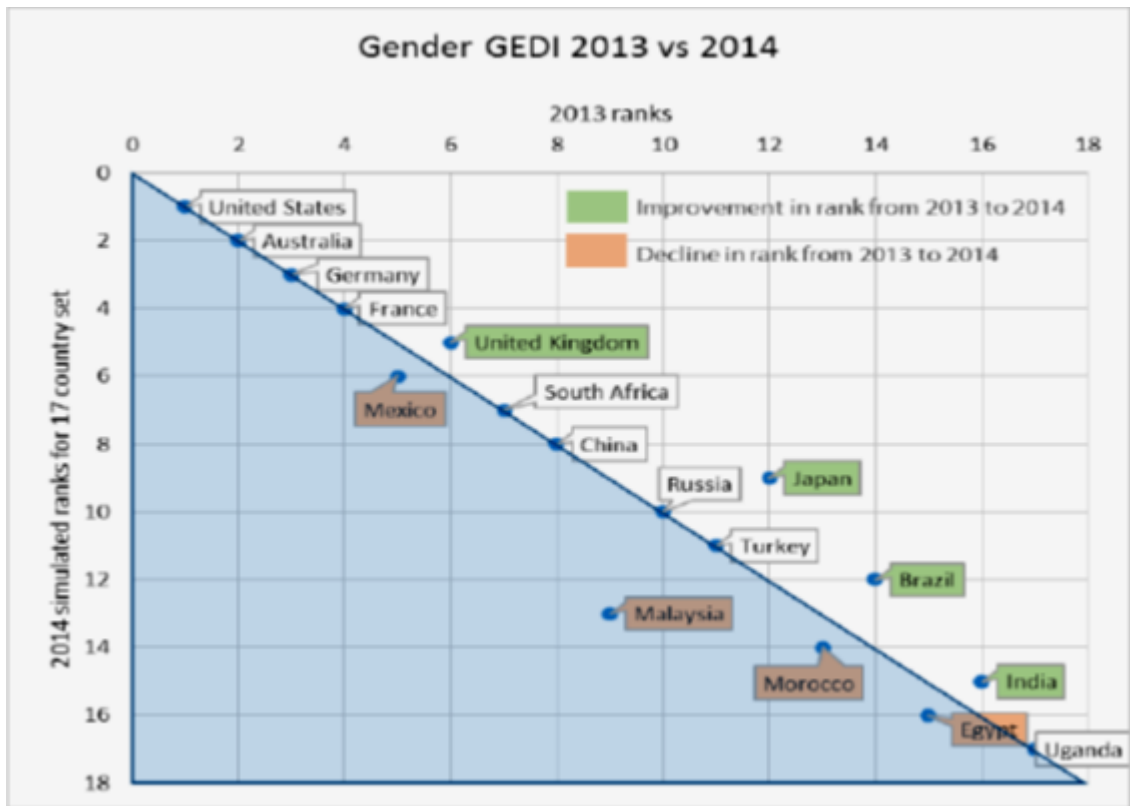
- a) *Demand side constraints* – It includes hurdles like insufficient financial knowledge and knowledge of financial products, lack of collateral security, inappropriate support from male members of the family and lack of confidence to approach the financial institutions.
- b) *Supply side constraints* – Here the perception of women becomes constraint on the supply of women entrepreneurs to the economy. The widespread perceptions playing imperative role of constraints are perception of higher risk profile in absence of collateral security or guarantee by male members of the family, tedious documentation and procedural requirements (in case of women many documents are even unavailable), negative / unwelcoming attitude of bank officials towards women entrepreneurs, high transaction costs of administering the loan procedures irrespective of size of the venture is troublesome, lack of nitty-gritty's of financial management makes and in presence of fraudster cases in the market women entrepreneurs are less attracted towards the financial institutions.

The Gender Global Entrepreneurship and Development Index-2014 (Gender-GEDI), a 30 country analysis of the conditions that foster high potential female entrepreneurship, here on basis of Gender-GEDI Index score is awarded to the nation studied basically measuring three main sub-indices – Entrepreneurial Environment, Entrepreneurial Ecosystem and Entrepreneurial aspirations. In this list India ranks 26 among 30 nations. Few points to note in this study which reveals gendered entrepreneurial phenomenon infused in Indian ecosystem.

- i. India ranks better in GEDI Index relative to Gendered GEDI Index hence India is highly gendered on entrepreneurial phenomenon.
- ii. India has improved in Gender GEDI-2014 against Gender GEDI-2013 as shown in Chart 1.4.

CHART 1.4

Gender GEDI – 2013 vs Gender GEDI – 2014



Source- Gender-GEDI Executive Report-2014

- iii. One strength of South Asia (India, Pakistan and Bangladesh) is high score for female-entrepreneurial environment (i.e. 65 per cent of women wants to start a business venture) whereas main challenges they face is with regard to equal legal rights, low female start-up and access to technology and low general educational attainment amongst women.

Likewise many studies have been conducted (discussed in detail in *Chapter-2*) to identify the challenges that make the entrepreneurial voyage convoluted for women-led enterprises. The purpose of this study is to highlight those problems and to identify prospects for women entrepreneurs in the MSME sector of State of Gujarat. In next section let us understand driving force for Gujarat to be the chosen geography for said area of research.

## 1.7. Entrepreneurship in Gujarat

Entrepreneurship in Gujarat is not a naive concept, rather from the pre-colonial era and even before Gujarat has witnessed generations of entrepreneurs and has evolved to contemporary state. In his article ‘Gujarati Entrepreneurship – Historical Continuity against Changing Perspectives’ Streefkerk (Streefkerk, 1997) narrates the transition of South Gujarat from pre-machine era to capitalist industry in current. From 19<sup>th</sup> century to 20<sup>th</sup> century the various industries for which Gujarat was hub included cotton fabrics in 19<sup>th</sup> century due to which in later part of 19<sup>th</sup> century Gujarat was bystander of establishment of numerous cotton mills in the princely state. Between the early 20<sup>th</sup> century to 1960s Gujarat witnessed the growth of textiles and its related industries like the production of dyes and manufacturing of wooden bobbins and spools especially in South Gujarat. After 1610 British and Dutch East India Company factory establishments nurtured entrepreneurial DNA of Gujarat to such an extent that from 1618 to 1687 Surat was headquarters of British East India Company in western India (Streefkerk, 1997).

In contemporary times Gujarat is known for its rich entrepreneurial history and due to many natural and man-made attractions, Gujarat has earned the title of being ‘Growth Engine of India’.

These are few out of many evidences which portray the instrumental role Gujarat has been playing since the very beginning in the arena of business and in developing the entrepreneurial culture in Indian history. In current scenario also the strategic location and business friendly intensive infrastructural growth makes it even more magnetic for furthering the status of business in the state.

### 1.7.1. National data important for the purpose of the study

Nationally Gujarat is among the top 10 states to house MSMEs as per the records of Annual Report on MSME – 2014 as shown in Table 1.9.

**TABLE 1.9**

**Ten leading States in terms of Number of Enterprises and their respective Employment Generation**

Top Ten State	Total Number of MSME (in lakh)			Employment (in lakh)				
	Registered Sector	Unregistered Sector		Total	Regis. Sector	Unregistered Sector		Total
		Sample	EC 2005*			Sample	EC 2005*	
U.P	1.88	22.34	19.82	44.03	7.55	51.76	33.06	92.36
West Bengal	0.43	20.80	13.41	34.64	3.60	54.93	27.24	85.78
Tamil Nadu	2.34	18.21	12.58	33.13	14.26	38.89	27.82	80.98
Maharashtra	0.87	14.45	15.31	30.63	10.89	24.72	34.43	70.04
Andhra Pradesh	0.46	14.90	10.60	25.96	3.83	35.15	31.71	70.69
Kerala	1.50	12.94	7.69	22.13	6.21	26.98	16.42	49.62
Gujarat	2.30	13.03	6.46	21.78	12.45	21.97	13.31	47.73
Karnataka	1.36	11.12	7.70	20.19	7.89	22.58	16.24	46.72
M. P	1.07	11.50	6.76	19.33	2.98	17.32	13.36	33.66
Rajasthan	0.55	9.14	6.96	16.64	3.42	15.00	12.37	30.79

\* Economic Census – 2005

Source- Annual Report, 2014-15

The western states of Maharashtra and Gujarat continue to dominate Indian industry, together accounting for a share of almost 37 per cent in total revenue added by the nation's factory sector specifically in 2005-2008 (Gujarat-MSME Report, 2013).



### 1.7.2. State Specific Data for the Purpose of the Study

Gazing at State specific data we can understand that today on business front Gujarat holds a remarkable position by having the title of '*Global Economic Super Power*' for having access all important port based economies including UK, China, Australia, Japan, Korea, Gulf Nations etc (Gujarat Official Website). Importance of Gujarat can also be viewed having gone through the following statistics as per the ISED, FICCI Report-2013 (Gujarat-MSME Report, 2013):-

- i) Gujarat encompasses 4.93 per cent of the population of India with nearly 60 million people.
- ii) Gujarat has an impressive literacy rate of 79.3 (M-87.2 and F-70.70).
- iii) Gujarat is seventh largest state in terms of geographical area covering extremely strategic location of India i.e. the western coast embracing 1600 km long coastline which forms 20 per cent of total coastline of India. With this Gujarat is also the Gateway to the rich land-locked Northern and Central vicinity of the nation (Gujarat Official Website).
- iv) During 2009-2010 Gujarat's contribution to National GDP was 7.38 per cent.

Since its inception in 1960, Gujarat has shown impressive industrial growth. At the time of inception there were only two major industries existing in Gujarat – Textile and Auxiliaries. Today Gujarat is the land for 13 major industry groups which accounts for 83 per cent of factories, 94 per cent of fixed capital investments, 93 per cent of value of output and 93 per cent of value addition in the state's industrial economy (Gujarat-MSME Report, 2013). As per the Fourth All India Census of MSMEs, which was conducted during 2006-07 covering all MSMEs registered up to 31/03/2007 with State Industries Commissionerate under MSME Development Act – 2006:-

- a. District wise distribution of Working, Closed and Not Found Units is shown in Table.1.10.
- b. District wise distribution of MSMEs on basis of gender of owner is shown in Table.1.11.

TABLE 1.10

## District Wise Report on Number of Working, Closed, Not Found Units

Sr.No	District	Working	Closed	Not Found	Total
1	Kachchh	4990	752	473	6215
2	Banaskantha	5162	1287	389	6838
3	Patan	2821	655	193	3669
4	Mahesana	5794	1229	570	7593
5	Sabarkantha	7431	1604	530	9565
6	Gandhinagar	5748	1437	401	7586
7	Ahmedabad	48554	1120	12864	62538
8	Surendranagar	6915	1235	510	8660
9	Rajkot	25007	5905	1551	32463
10	Jamnagar	9785	2642	695	13122
11	Porbandar	1725	302	85	2112
12	Junagadh	6084	1528	554	8166
13	Amreli	2036	367	260	2663
14	Bhavnagar	9635	1037	1112	11784
15	Anand	5591	435	1	6027
16	Kheda	7798	1315	657	9770
17	Panchmahal	3737	413	0	4150
18	Dahod	1417	69	0	1486
19	Vadodara	12948	1375	1	14324
20	Narmada	992	196	20	1208
21	Bharuch	9197	2128	1710	13035
22	Surat	28444	7391	0	35835
23	Dang	514	30	0	544
24	Navsari	4903	0	169	5072
25	Valsad	11350	429	0	11779
26	Tapi	1161	64	0	1225
<b>Total of Gujarat</b>		<b>229738</b>	<b>34945</b>	<b>22745</b>	<b>287428</b>

Source – State Industries Commissionerate, GoG

**TABLE 1.11**

**District Wise Report on Number of Male and Female Owned MSMEs**

<b>Sr.No</b>	<b>District</b>	<b>Male</b>	<b>Female</b>	<b>Total No. of Enterprises</b>
1	Kachchh	4824	166	4990
2	Banaskantha	4172	990	5162
3	Patan	2601	220	2821
4	Mahesana	5366	428	5794
5	Sabarkantha	6977	454	7431
6	Gandhinagar	5460	288	5748
7	Ahmedabad	47345	1208	48554
8	Surendranagar	6325	590	6915
9	Rajkot	22322	2685	25007
10	Jamnagar	6811	2974	9785
11	Porbandar	1651	74	1725
12	Junagadh	5847	237	6084
13	Amreli	1819	217	2036
14	Bhavnagar	9274	361	9635
15	Anand	4635	956	5591
16	Kheda	7464	334	7798
17	Panchmahal	2149	1589	3737
18	Dahod	1123	294	1417
19	Vadodara	9838	3111	12948
20	Narmada	895	97	992
21	Bharuch	8408	789	9197
22	Surat	24807	3637	28444
23	Dang	488	26	514
24	Navsari	4202	701	4903
25	Valsad	10301	1049	11350
26	Tapi	1007	154	1161
<b>Total of Gujarat</b>		<b>206109</b>	<b>23629</b>	<b>229738</b>

*Source – State Industries Commissionerate, GoG*

Out of the total number of MSMEs only 10.3 per cent of enterprises are owned by women entrepreneurs as per the data of Gujarat MSME Report – 2013. If we try to connect three dots, firstly the historical presence of Gujarat in the field of entrepreneurship, secondly the fact of having the legacy of initiative like ‘Lijjat Papad’ which was started in around 1959 in Mumbai by seven Gujarati women and lastly the

fact of presence of only 10.3 per cent of women enterprises in total MSME sector, shows that there is a gap which needs to be filled to witness the equal participation of women entrepreneurs in the national economy. It is rather need of the time to identify the gap.

## **1.8. National and State Schemes for Women Entrepreneurs**

### **1.8.1 National Schemes**

**1.8.1.1. Training of Women Entrepreneurs** –Entrepreneurship can be encouraged among people by providing them right kind of guidance and training; this was firstly proposed by McClelland. Government has been active in this field and regularly announces training programmes particularly for first generation women entrepreneurs and special focus has now been given to exclusive women training.

- NIESBUD, Noida – National Institute of Entrepreneurship and Small Business Development, Noida is the regulatory institution which in accordance with the policies and guidelines regulates the training programmes being conducted by various Entrepreneurship Development Institutions across India like EDI, CED etc. Women entrepreneurs as target group has received it special attention and till December, 2014 nearly 31,813 women, which forms almost 25 per cent of total participants, have received training by different activities like Workshops, Seminars, Entrepreneurship – cum – Skill Development Programmes, Management Development Programmes (Annual Report – 2014).
- NI-MSME, Hyderabad –National Institute for Micro, Small and Medium Enterprises, an autonomous body of Ministry of Micro, Small and Medium Enterprises, was established in 1960. In the 2014-15 (upto Dec 2014) it provided training to 2393 women entrepreneurs (Annual Report – 2014).
- IIE, Guwahati – Indian Institute of Entrepreneurship, Guwahati is an autonomous organization under the aegis of Ministry of Skill Development and Entrepreneurship was established in 1993 and started operating in 1994 currently gives training under two

schemes i.e. Assistance to Training Institutions (ATI) Scheme & Non ATI Scheme. Upto December 2014 it provided training to 8.226 women entrepreneurs under various schemes including women entrepreneurs from rural area (Annual Report, 2014)

- NSIC –Established in 1955 National Small Industries Corporation has been active in development of small industries under various schemes and services for marketing assistance, bank credit facilitation, performance and credit ratings, raw material assistance, single point registration, infomediary services, marketing intelligence etc. According to Annual Report on MSME – 2014 NSIC provided training to 25,897 women entrepreneurs during 2014-15 (upto December 2014).

#### **1.8.1.2. Trade Related Entrepreneurship Assistance and Development (TREAD) Scheme** – There are three major components of the scheme (Annual Report – 2014)–

- Government grants up to 30 per cent of loan/credit sanctioned by banks to NGO's to provide expert assistance to start-up ventures as proposed in the project.
- Government grants up to Rs. 1 lakh per programme to training institution/NGO to impart training to the women entrepreneurs subject to such institution/NGOs contribute up to 25 per cent of their share of GoI grant and 10 per cent in case of NER.
- Need based Governments grant up to Rs. 5 lakh to National Entrepreneurship Development Institutions and any other institutions of repute for activities like field surveys, research studies, evaluation studies, designing and training modules etc.

**1.8.1.3. Micro and Small Enterprises Cluster Development (MSE-CDP) (MSME Schemes, 2016)**- This scheme provides financial assistance to special purpose vehicle companies set up by cluster units for common facility center, infrastructures, skill development training and quality upgradation etc. In this scheme financial assistance of 90 per cent of the project cost (against 70 per cent in case of male entrepreneurs) is provided by GoI for soft interventions, hard intervention and financial assistance of 80 per cent of project cost is provided to the women entrepreneurs.

**1.8.1.4. Prime Ministers Employment Generation Programme and Women** – The scheme is implemented by Khadi and Village Industries (KVIC) which functions as

nodal agency at national level. At the state level the scheme is put into practice by State KVIC Directorates, State Khadi and Village Industries Boards (KVIBs), District Industries Centre (DICs), and Banks (MSME Scheme, 2016). Special incentives as follows are provided to women entrepreneurs (Annual Report – 2014)–

- Provision of margin money subsidy of 25 per cent of the project cost to urban women and 35 per cent of the total project cost to rural women entrepreneurs.
- In case of women entrepreneurs, beneficiary's contribution is 5 per cent of total project cost against 10 per cent in general case.
- 95 per cent of bank finance of total project cost is provided to women entrepreneurs while it is 90 per cent in general cases.

72,754 women entrepreneur projects have been financed under this scheme since its inception in 2008-09 to 31.1.2015 (Annual Report – 2014).

**1.8.1.5. Skill upgradation and Mahila Coir Yojana** – This is one of the flagship schemes under the aegis of Scheme Coir Vikas Yojana which aims to provide development to domestic and export markets, development of skill and provide training, women empowerment, employment/entrepreneurship creation and development and the like. Mahila Coir Yojana basically provides assistance to women by providing them spinning equipments at subsidized rates after providing specialized training (MSME – 2016).

**1.8.1.6. National Award Scheme-** Under this scheme GoI recognizes the efforts of different group of entrepreneurs to make noticeable contribution as entrepreneur in MSME sector. A cash prize of Rs. 1 lakh is awarded to women entrepreneurs for their outstanding contribution in specifically in manufacturing sector (MSME Scheme, 2015).

**1.8.1.7. Personal Accident Insurance' Scheme Coir Workers** – The Coir Board is implementing the plan scheme 'Welfare Measure – Coir Workers Group Personal Accident Insurance' scheme is providing financial compensation to deceased/disabled coir worker or nominee. Under this scheme it is observed that majority of coir worker

are women hence accident in their case includes death or disability due to pregnancy, child birth, breast removal even in cases of murder or rape etc (MSME Scheme, 2015).

**1.8.1.8. National Programme for Youth and Adolescent Development** – It envisions developing the youth personality and imparting leadership qualities in them to channelize their energy for socio-economic development of the nation. This scheme aims to have at least one-third participation from women beneficiary (MSME Scheme, 2015).

**1.8.1.9. Development/Upgradation of Watermills and Setting up Micro Hydel Projects (Up to 100 KW Capacity)** – The Water Mills (WM) and Micro Hydel Projects (MHP) have the capacity to bring solution to power requirements of village or remote areas. In this scheme special preference is given to WM owned by women entrepreneurs or project proposal received from women NGOs (MSME Scheme, 2015).

**1.8.1.10. Women Enterprise Development** – The scheme gives assistance to women entrepreneurs of age group of 18-50 years to start-up business ventures. Assistance is also provided to already existing women entrepreneurs for expansion, modernization and diversification (MSME Scheme, 2015).

**1.8.1.11. North-East Rural Livelihoods Project (NERLP)** – It aims at improving livelihoods especially that of women, unemployed youths and the most disadvantaged section of participating North-Eastern States. This is a World Bank funded Scheme. It has four components (MSME Scheme, 2015) –Social empowerment, economic empowerment, partnership development and project management.

**1.8.1.12. Scheme of Venture Capital Fund for Scheduled Cast** – It is a social sector National level scheme for the promotion of entrepreneurship development among the scheduled caste population of our India. It also encourages those SC people who show

special orientation towards innovation and growth technologies. In this scheme while selection women SC entrepreneurs are given preference (MSME Scheme, 2015).

**1.8.1.13. Adivasi Mahila Sashaktikaran Yojana** – It is a concessional scheme for the economic development and empowerment of ST women (MSME Scheme, 2015).

**1.8.1.14. Micro Credit (MC) for SHGs** – In this scheme ST women are given financial assistance to start up self employed venture through profit making SHGs only (MSME Scheme, 2015). Loan amount of Rs. 35,000 per member up to Rs. 5 lakh per SHG is being provided.

**1.8.1.15. Support to training and Employment Programme (STEP) for Women** – It provides training with regard to skill development, access to credit and enable them to initiate income generation activity. Under this 100 per cent, 50 per cent and 30 per cent of financial assistance of total project cost on an year wise basis is provided to women entrepreneurs (MSME Scheme, 2015).

**1.8.1.16. Pradhan Mantri Mudra Yojana** – Under Micro Units Development and Refinance Agency Limited, which was launched on 8 April, 2015 (MUDRA Scheme, 2015), small women entrepreneurs will be extended financial assistance from Rs. 50,000 to Rs. 10 lakh.

**1.8.1.17. Stand – up India** - Flagship schemes of Stand-up India aims to promote entrepreneurship among SC/ST and women by providing them finance from 10 lakh to 100 lakh in establishing a Greenfield enterprise.



## **1.8.2 State Schemes for Women Entrepreneurs**

### **1.8.2.1 Schemes under Women and Child Development Department (WCD), GoG (WCD, 2015):-**

- a) Multi Purpose Women Welfare Centers – This center has been established to render guidance and assistance for any sort of social, economical or legal problems. Over 4.17 lakh women have been benefited from this scheme till 2014.
- b) Mahila Puraskar – Introduced by WCD, GoG to facilitate an individual or an organization for its extraordinary contribution towards women welfare, women empowerment and sustainable development. Rs. 200,000 has been dedicated in the 2016-17 for the implementation of this scheme (Commissionerate of WCD).
- c) Swayamsidh Yojana – It is an integrated effort for women socio-economic-cultural empowerment to help rural women to be self reliant, gain confidence and learn the benefits of saving. As per WCD newsletter (2015) this project planned to benefit 20 regions covering 26 spots and 1760 villages which include 43,200 women.
- d) Fisher Entrepreneur Yojana- This scheme encompasses SC/ST women and encourages them to undertake fish selling as a source of income generation. Special training to grow ‘Zingo fish’ is given to women and they are paid a stipend of Rs.100 to attend training under this scheme. For the purpose, required instruments and facility is provided to buy weighing machine, insulated box, etc. On average Rs.10, 000/- Unit cost, 50% assistance is given to women belonging to scheduled caste/tribe.

### **1.8.2.2. Schemes under Gujarat Women’s Economic Development Corporation (GWEDC):-**

A functionary under Women and Child Development Department, GoG, established in 1981, the corporation aims the holistic development of economically and socially weak women. It facilitates initiatives like financial support, trainings (after successful completion of training the women are linked to banks for financial support), and

marketing support to urban and rural women artisans to make them self reliant. Some schemes encompassed under this are (GWEDC):-

- a) Ghar Divda Bankable Finance Scheme – Under this scheme the banks of respective area are directed to accept loan applications pertaining to undertaking economic activities for upto Rs. 50,000. Under this scheme approximately 1137 women entrepreneurs' women beneficiaries have been benefited till March, 2012.
- b) Exhibition cum Sale – This scheme assists the urban and rural artisans to market their products nationally and on state level by organizing *craft melas and bazaars* one per year outside Gujarat and four per year within Gujarat respectively.
- c) General Training Program – For the economic empowerment of BPL women aging between 18-35 years bracket skill training ranging from making soft-toys, patch work, electric appliance repairing, beauty parlor to computer literacy are provided under this program with the help of NGOs. A total of 3593 women have been trained under this scheme till March, 2012.
- d) Economic Rehabilitation of Women in Difficult Circumstances – Under the aegis of this scheme economic rehabilitation is undertaken for women in difficult situations with the help of NGOs. An allocation of Rs. 300 lakh had been dedicated to this program implementation for the year 2012-2013.
- e) Women Empowerment Centre – A centre has been established for all those women who are engaged in economic as well as skill development related activities in GWEDC. A sum of Rs. 100 Lakh had been dedicated for the establishment of this centre in the year 2012-2013.

### **1.8.2.3. Industries Commissionarate Scheme, Government of Gujarat (Industries Commissionarate)-**

- a) Assistance for reimbursement of CGTMSE fees for Micro and Small Enterprises (Industries Commissionarate) – This scheme provides financial subsidy by way of capital subsidy and credit linked interest subsidy to MSMEs. This scheme is entitled to only those manufacturing enterprises which are registered under MSME Development Act, 2006 with respective District Industries Commissionarate (DIC). In special

provision women entrepreneurs, those who are availing collateral free term loan upto Rs. 1 Crores from financial institutions / Bank under CGTMSE will be eligible.

#### **1.8.2.4. Gujarat Chambers of Commerce and Industries (GCCI) –**

- a) Business Women’s Wing (BWW) – GCCI established Business Women’s Wing on 20<sup>th</sup> July, 1985 to promote social, cultural and educational interests of women entrepreneurs and provide encouragement to varied sector of women entrepreneurs to be self reliant. BWW, GCCI in its presence of 4 decades facilitated women entrepreneurs by means of organizing oversees delegations, seminars, conferences, open house discussions and giving a platform to articulate problems faced by women entrepreneurs in their day to day business activities thereby providing solution to the same.

#### **1.8.2.5. Gujarat Industrial Development Corporation (GIDC)-**

- a) Women Industrial Park – In a women entrepreneur friendly initiative GIDC has allocated land to 76 women entrepreneurs on a lease of about 99 years in the first ever Women Industrial Park, Sanad. In the initial drive this park is facilitated with basic amenities like roadways, streetlights, power supply and water distribution (Indian Express, 2016).

## **1.9. Statement of Problem**

A thorough discussion of the concepts ‘Entrepreneurship’, ‘MSME’ and ‘Women Entrepreneurship’, the evolution of entrepreneurship nationally as well as on the state front, a brief evolution of women entrepreneurship in India and the various measures/schemes federal and state governments are taking by the intervention of numerous public/private agencies, NGOs etc, and the entire review of literature (Chapter – 2) are able to give us fair understanding of entrepreneurship as a phenomenon. It is

evident that even though Gujarat has a rich entrepreneurial cultural history since pre-colonial era it does not outperform in the field of entrepreneurship and especially when points like 'Entrepreneurship being Gendered' are raised, Gujarat related facts and figures remains mediocre. This fact of '*10.3 per cent of women entrepreneurs out of a total of 2, 29,738 MSMEs*' makes the author inquisitive about the reason behind this phenomenon. Author is unable to understand the root cause/s of this gap. On an in depth probing author came to the conclusion that in Gujarat there is a dire need of a state specific empirical survey with women entrepreneurs as a focal point. Upon this author seeks to carry out a state wide study with 'Women Entrepreneurs' as subject to peep into their psyche and with their experience sharing to extract details with regard to following research questions—

- a) What is the profile of the businesses run by women entrepreneurs in Gujarat?
- b) What are the reasons responsible for women to join or establish business start-up - (Necessity based or Opportunity Based)?
- c) Does demographic and socio-economic background of women has an impact on their perceptions pertaining to problems they face in the various business related activities?
- d) What is the size of women owned businesses?
- e) What the ratio is, of registered to unregistered firms in case of women owned businesses from the total number of samples collected?
- f) Does attending Entrepreneurship Development Programmes bring change in the profit of women owned businesses?
- g) What are the various enabling factors for women entrepreneurs to start-up and sustain in a business?
- h) What are various important problems faced by women entrepreneurs with respect to – Finance, Personal, Social, Raw Materials, Marketing, Labor, Managerial Skills, Infrastructure, Technology, and Government Support?
- i) What are the various prospects for women entrepreneurs in Gujarat as a market and culture?

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