

# Entrepreneurial Emergence among the Socially Underprivileged Class in India

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**Abstract.** It is widely recognized that entrepreneurship development holds the key to all-round economic development of a nation. Entrepreneurship has now become the catchword in India's economic development as well. India being a multicultural society with high incidence of inequality is divided sharply in terms of the underprivileged and the privileged sections. For widespread economic development India cannot ignore the development of the social groups who are underprivileged and are at the bottom of the pyramid. Data from All-India Census on MSME reflect that the underprivileged sections i.e., SC, ST and OBCs have shown growth in terms of ownership of enterprises and level of employment.

**Keywords:** Entrepreneurship, Underprivileged, Social Groups, Stratification, Pluralistic

## 1 Introduction

Entrepreneurship by and large is a phenomenon of socio-economic conditions prevailing in an economy over a period of time. Furthermore, the consumption patterns and respect for profits in the social system also to some extent contribute to the entrepreneurial behavior of the people of a society. The Indian society, as dominated by the Hindu religion from times immemorial has been characterized by a kind of stratification into religious and regional sections<sup>1</sup>. Caste (social group) or 'Jati' constitutes the basic kinship and social particle in a system of hierarchically arranged, logically integrated, occupationally and ritually specialized endogamous social strata<sup>2</sup>. In other words, the Hindu Society was conceived as 'homo hierarchy' where caste groups were rigidly separated from each other on functional basis, a feature which perpetuated the practice of following the family occupation leaving little scope for mobility between one occupation and the other<sup>3</sup>. Hence occupational choice was limited to the level of prescribed social pattern. Post- Independence India however, made efforts to pursue a philosophy of diluting such a concentric pattern of socially- oriented economic behaviour, with an approach towards a model that encompasses widespread economic development through the large

participation of different social groups and sub-groups in a non-restrictive pattern. It cannot be denied that the underprivileged class, who are at the bottom of the pyramid particularly the SCs, STs and OBCs who have never been actively engaged in entrepreneurial behaviour due to the social stratification, has to be encouraged so as to adopt an inclusive growth model of our economy.

This paper makes an attempt to examine whether a discerning pattern of entrepreneurial orientation is emerging so as to have an egalitarian socio-economic system encompassing larger participation of various social groups particularly the underprivileged class in the entrepreneurial acts. In a pluralistic and stratified society like India, not only do the socio-economic variables exert considerable influence on economic variables but may also to a large extent interrelate.

## 2. **Historical Perspective**

The socio-economic factors such as the economic background of the members, their caste system, cultural background, business ethics, past economic history, inter alia, influence entrepreneurial behavior in a society<sup>4</sup>. The presence of several social sub-groups, with heterogeneous social practices also affects the preference for entrepreneurial orientation. In the Indian context, Caste refers to the ancient four-rank Varna system for Hindus- Brahmin(priest), Kshatriyas (ruler or warrior), Vaishya (trader) and Sudra(artisan, peasant and labourer). The Vaishya (or 'bania', as it is called) was such a caste which mainly dealt in trading of commodities and money lending business. As the 'banias' specialized in trade and commerce, they were the most urbanized section of the community and because of their predominance, enjoyed an enviable position in the urban centres, though in the caste hierarchy they came third after the Brahmins and the Kshatriyas<sup>5</sup>. Where the caste system was relatively loose, the danger of ostracisation absent and the trading Castes missing, people of other Caste(s) also moved into these occupations and came to be regarded as members of the business community<sup>6</sup>. The constitution of business class either represented solely by the banias or by the other castes (i.e. mainly the upper stratum) of the society was varied according to the region and its culture.

In the eighteenth century the Kshatriyas and Lohanas, Hindu and Sikh communities in which caste division rules were not rigidly observed, were the leading entrepreneurs in trade and finance in north- western India, despite the fact that the ruling class and the bulk of the

population were Muslims. Gujarat and Saurashtra had a highly developed Hindu and Jain trading community in addition to the indigenous Parsi group who became active in trade later on. In Maharashtra local Brahmins and trading classes from Gujarat, Rajasthan, Saurashtra and Kutch dominated business<sup>7</sup>. Hindu Jain Banias from Rajasthan (the former state of Marwar and adjoining states) called Marwaris in other states were leading commercial and banking communities in north eastern India around the Ganges river. In Bengal, the indigenous Brahmins and Kayasthas, as a result of their positions as assistants and agents of the dominant British businessmen, obtained access to the major entrepreneurial positions, rather than the local Bengali trading communities. Various Hindu trading communities (such as Chettis in Madras) dominated business in South India, except Kerala where Muslims, Christians and Jews were the chief traders. In Orissa, besides the Vaishyas the business activities were carried out mainly by the upper stratum of the social structure i.e., Brahmins and the Kshatriyas, as they were receiving the royal patronage<sup>8</sup>.

The Vaishya (trader) community engaged in trade and business was constituted by the traditional Shresthis and Banik Sanstha. It is, however, the Brahmins and the Kshatriyas who were playing a dominant role in the society due to their participation in the administrative setup. Consequently, concentration of wealth was visibly seen in these communities<sup>9</sup>. Therefore, 'underprivileged class entrepreneurs' is a category conspicuous by its absence in India's Business History.

### **3. Literature Review**

Several studies have been conducted in the past from the perspective of efficiency and viability of enterprises owned by the social groups. Research on involvement of underprivileged groups in entrepreneurial behaviour is still at a nascent stage. In a study conducted by Bhavani and Tendulkar (1997)<sup>10</sup> and Goldar (1985, 1988)<sup>11</sup> on data provided by MSME sector, efficiency and viability issues were raised about the MSME units owned by different social groups. Thorat and Sadana(2009)<sup>12</sup> combine evidence from published economic census and NSS data in order to confirm continuing inequity in the ownership of private enterprises. They found that SCs and STs generally operate at a very low level, mainly household enterprises with the prospect of employing own family members, having a low capital base and primitive technology. A study conducted by Kapur et al (2010)<sup>13</sup>, for example, has shown an increasing convergence of habits

and rituals across different social groups. Desai and Dubey(2011)<sup>14</sup> and Banerjee and Somanathan (2007)<sup>15</sup> demonstrated differences in consumption expenditure, education levels and access to public goods. Some aspects of enterprise ownerships by the underprivileged social groups have been studied by Damodaran (2008)<sup>16</sup>, Thorat, Kundu and Sadana (2010), Jodhka (2010)<sup>17</sup>.Dehejia and Panagariya (2012)<sup>18</sup> have mentioned in their study of a significant contribution made by the socially disadvantaged group on entrepreneurial behaviour in India, where as Ghani, Kerr and O'Connell (2011)<sup>19</sup> have expressed concern over the levels of entrepreneurship in India despite India having a high income level compared to other countries with their levels of entrepreneurship.

The relationship between entrepreneurship and social structure has been studied in different countries as well. In a nut shell, these validate the difficulty of marginalized groups overcoming historical barriers to becoming entrepreneurs. Scase and Giffie (1980) suggest that entrepreneurs may be more likely to emerge from those groups in society which are deprived and marginal i.e, groups which are discriminated against, persecuted, looked down upon or exceptionally exploited<sup>20</sup>.( Gomez (2011) summarized the Malaysian experience. Referring to ethnic Malays (bumiputras) and other indigenous people after four decades of policy attempts in the state to increase bumi representation in business the share of bumi ownership rose from 1.5% of corporate equity to 21%.<sup>21</sup>Peredo, Anderson; Galbraith, Honig and Dana (2004) found that the efforts of indigenous people themselves led to enhanced social and economic position through entrepreneurial engagement.<sup>22</sup>

Perhaps the most researched are the indigenous people of North America, particularly Native American Indians and Canadians Inuit but there are many interesting studies of indigenous entrepreneurs around the world. For example, Frederick Howard H. (2006) while conducting a study on Maori, the indigenous entrepreneurs of New Zealand and Aboriginal people of Australia found a declining entrepreneurial behavior among the aboriginal Australian.<sup>23</sup> some of the impediments to success include an economic tradition not steeped in capitalism and a lack of capital. Indigenous Australian often exists isolated and alienated within an economy that is so different to their communal environment. In contrast the Maori of New Zealand have excelled at establishing an entrepreneurial culture. It was found in this study that Maori entrepreneurs are largely opportunity entrepreneurs, but wealth creation is not as

important a motivation as is independence (Frederick, 2006). It is true, as the literature suggests that disadvantaged people might actually become entrepreneurs more frequently than other people? Here we must conclude that the evidence from Australia and New Zealand is mixed. Studies like Malaysia, Australia aboriginals or Maori of New Zealand made attempt to qualitatively conclude on the entrepreneurial behavior of socially disadvantaged groups. In the past decade economists have tried to quantify some of the barriers to entrepreneurship, influenced by the work of De Soto (1989).<sup>24</sup>

#### **4. Research Methodology**

This is an indicative study based on data from published secondary sources of Government of India (GOI) documents. The Census data published by MSME(Micro, Small and Medium Enterprises) (2001-02 & 2006-07) and Economic Census (1990, 1998 & 2005) have been used to establish the growth of the number of enterprises owned and managed by the underprivileged social groups as well as to examine the share of employment generated through the entrepreneurial participation of the socially underprivileged groups in order to identify any discerning trend if any on entrepreneurial emergence among the underprivileged class for the period 1987-88 to 2006-07. To make the analysis more indicative, relationship study such as Employment Intensity according to per unit (Rs.in crore) of fixed assets, per unit output and per unit of investment in plants and machinery (P&M) of units owned and managed by this social group is undertaken.

#### **5. Results and Interpretation**

Table 1 depicts Enterprise Ownership by different social groups in the registered and unregistered sectors for period 1987-88 to 2006-07. The underprivileged class comprising SCs and STs in the second Census of the SSIs/MSME Sector (1987-88) had 6.84% and 1.70% shares in enterprise ownership in the registered sector respectively. Their percentage ownership of enterprises in registered sector rose to 7.85% (SC), 3.53% (ST) and 38.50% (OBC) in the third census in the year 2001-02. Although in absolute terms the number of enterprises owned by SCs, STs and OBCs further increased in 4<sup>th</sup> census, the percentage holding by STs (2.87%) declined in comparison to 3<sup>rd</sup> census (which was 3.53%). The percentage ownership of enterprises by the SCs and OBCs in the registered sector was nearer to the same percentage holding as per 3<sup>rd</sup> census. In the unregistered sector, however the size of holding in terms of percentage share of

enterprise ownership increased substantially from 10.32% (SC) and 41.67% (OBC) in 3<sup>rd</sup> census to 11.38% and 45.87%, respectively in the 4<sup>th</sup> census.

In the registered and unregistered sectors, the underprivileged group shared a substantial growth of enterprise ownership, i.e. the share of SC, ST and OBC was 11.0%, 5.0% and 45.32% respectively in 4<sup>th</sup> census as against 3<sup>rd</sup> census share of 10%, 4.97% & 41.26%. Interestingly during the same period the Hindu Upper Caste (forward) social group's share in enterprise ownership declined substantially from 43.8% in third census to 38.57% in the fourth census, indicating thereby an increasing preference for entrepreneurial behaviour among the underprivileged social groups who have hitherto been uncommitted to business and entrepreneurial acts due to the hierarchical order of social system. In the registered sector, however, the Upper Castes' dominance in enterprise ownership existed in third census and still continued with a marginal rise from 50.12% to 51.26% of ownership of enterprise by this group (See Graph of table 1) in the fourth census. This reflects that the role of underprivileged class in the small informal enterprise sector becomes a recognizable phenomenon.

**Table 1:** Distribution of Enterprises by the Social Group of the owner in the Registered and Unregistered Sectors (1987-88 to 2006-07)

Social Group	Second Census 1987-88	Third Census 2001-2002 (No. in Lac)			Fourth Census 2006-07 (No. in lac)		
	Regd.	Regd.	Unregd.	Total	Regd.	Unregd.	Total
<b>SC</b>	9547 (6.84%)	1.08 (7.85%)	9.44 (10.32%)	10.52 (10%)	1.19 (7.60%)	22.61 (11.38%)	23.80 (11.10%)
<b>ST</b>	2373 (1.70%)	0.49 (3.53%)	4.74 (5.19%)	5.22 (4.97%)	0.45 (2.87%)	10.30 (5.18%)	10.75 (5.01%)
<b>OBC</b>	-	5.29 (38.50%)	38.11 (41.67%)	43.41 (41.26%)	5.99 (38.28%)	91.17 (45.87%)	97.16 (45.32%)
<b>Others</b>	-	6.89 (50.12%)	39.17 (42.82%)	46.06 (43.8%)	8.01 (51.26%)	74.66 (37.57%)	82.67 (38.57%)
<b>Total</b>	139577	13.75	91.46	105.21	15.64	198.74	214.38

Source: Various Reports of All India Census of the SSI/MSME sector, Govt. of India.  
Figures in the parenthesis represent percentage to Total (Sector-wise)

**Figure 1:** Distribution of Enterprises by the Social Group of the Owner in Registered and Unregistered sectors (2001-02 to 2006-07)

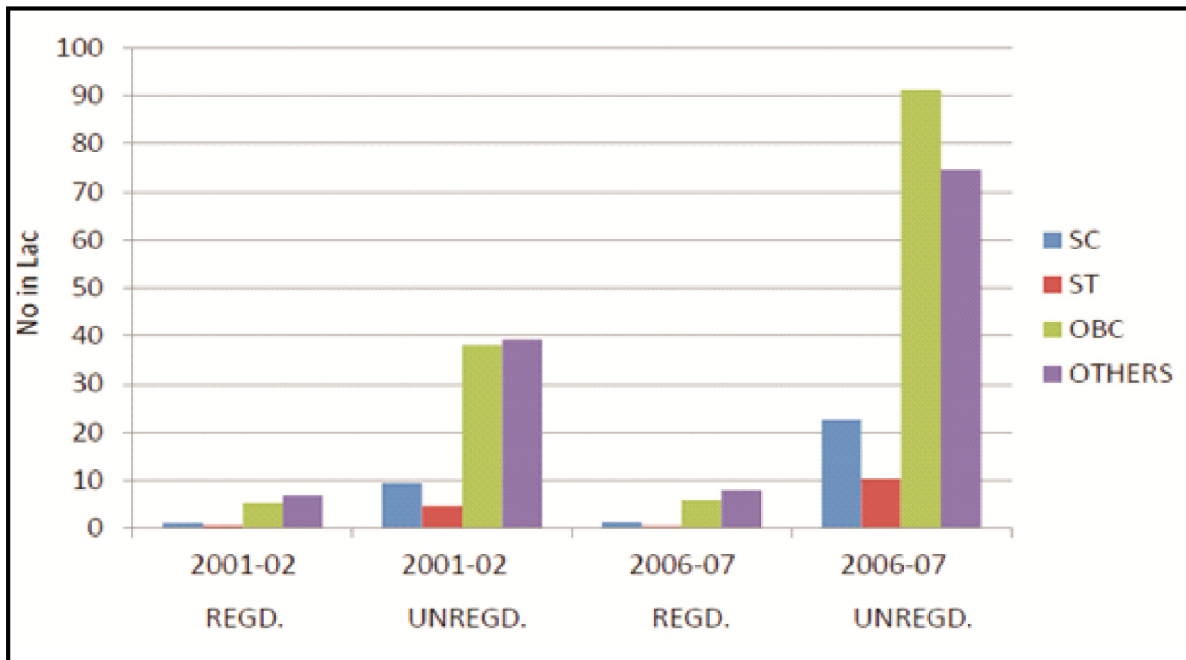


Table 2 depicts the figures as per Economic Census 1990, 1998 and 2005 the distribution of enterprise ownership by social groups in terms of Rural-Urban and OAE and EST enterprise classification. Own Account Enterprises (OAE) are those where the units do not employ any hired workers on a regular basis and Establishment Enterprises(EST) are units which employ one or more hired workers on a regular basis. The table shows that the Establishment Enterprises ownership by social groups, particularly the SCs and OBCs have consistently grown in terms of percentage holding in rural as well as in urban areas. The same consistency is, however, not followed in case of Own Account Enterprises(OAE).For example in 1990 the percentage holding of Establishment Enterprise by SCs was 3.23 which then rose to 3.88 in 1998 and further increased to 6.39 in 2005 in rural areas.

In the urban region also a similar growth in the percentage holding of Establishment Enterprises by the social group SC was noticed in 1990 (2.48%), 1998 (3.62%) and in 2005 (4.99%). The Own Account Enterprises owned by SCs on the other hand declined in 1998 in comparison to 1990 in rural areas although they gained a bit in the year 2005.

With a relative consistency in the growth of percentage share of ownership of EST Enterprises by the SCs in rural areas in comparison to urban areas, in contrast to the less

uniformity in size of percentage holding of OAEs in different periods of Economic Census, a discerning trend has been observed towards preference for entrepreneurship with a propensity to generate employment. An accelerating growth in the percentage shares of ownerships of Establishment Enterprises (EST.) by the ST has also been noticed in rural areas.

**Table 2:** Distribution of Number of Non-Farm Enterprises Owned/Managed by the Social Groups in the Rural and Urban Areas as per Economic Census

Period	Enterprise Type	SC		ST		OBC		ALL	
		Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
1990	OAE	1266600 (13.16)	477200 (7.72)	370700 (3.91)	80600 (1.30)	-	-	9473500 (100)	6179100 (100)
	EST.	101900 (3.23)	96100 (2.48)	42900 (1.36)	25900 (0.66)	-	-	3151700 (100)	3865700 (100)
1998	OAE	1438857 (10.57)	557594 (7.17)	827379 (6.08)	207247 (2.66)	5392750 (39.65)	2506310 (32.23)	13600737 (100)	7775051 (100)
	EST.	159712 (3.88)	176528 (3.62)	86500 (2.10)	85190 (1.75)	983854 (23.95)	1177157 (24.18)	4106738 (100)	4866362 (100)
2005	OAE	2079301 (11.48)	763129 (8.64)	948855 (5.23)	214206 (2.42)	8034997 (44.36)	3343240 (37.86)	18110187 (100)	8829861 (100)
	EST.	474861 (6.39)	372969 (4.99)	224566 (3.02)	133273 (1.78)	2324012 (31.29)	2226724 (29.84)	7425879 (100)	7461062 (100)

Source: All India Reports on Economic Census-1990, 1998, 2005.

Figures in the parenthesis represent percentage to total region-wise.

Figures of Third and Fourth Census indicate that the percentage share of ownership of enterprises by ST is maintained at the same level i.e., 1.75% (1998) and 1.78% (2005) as far as establishment enterprises in urban regions are concerned. The share in OAEs by ST maintains a fluctuating rate in 1990, 1998 and 2005 as revealed from the table. The other social group OBC enjoys a larger percentage enterprise ownership of OAEs in rural areas (44.36%) in the year 2005 in contrast to the previous size of holding (39.65%) in 1998. Similarly the OBC's share in Establishment Enterprises in rural as well as urban areas was quite substantial and was showing a growth in increasing order from 1990 to 2005. It is therefore evident that in both the data on census conducted by MSME and Economic Census, Government of India (GOI), a general tendency of growth of ownership of enterprises by these social groups has been observed over the period under study.



In terms of analysis of number of the enterprises owned by social groups as percentage of total population and the number of enterprises as percentage of household, the emergence of entrepreneurship among the underprivileged class can throw further light on the issue raised here. Table 3 shows ownership of enterprises by different social groups as percentage to total number of population and total number of households. The size of SC owned enterprises as a percentage of total SC population in 2006-07 was almost double the percentage as it was in 2001-02.

Similarly the number of enterprises as percentage of total SC households was 6.26 in 2006-07 with a two-fold growth in comparison to 3.34 in the year 2001-02. In case of ST owned enterprise also the growth was almost double in terms of the number of enterprises as percentage of households i.e. 3.25% in 2001-02 which subsequently rose to 5.40% in 2006-07. In other words the entrepreneurial engagement in case of SC was 6 and above per 100 households in 2006-07, as against 3 and above per 100 households in 2001-02 depicting a two-fold growth in the number of enterprise ownership by this social group. Similar is the case of ST owned enterprises which were more than 5 per 100 households in 2006-07 as against more than 3 per 100 households in 2001-02. In case of OBC owned enterprises also there was two-fold growth in number of enterprises per'00 of population and per'00 of household in the year 2006-07 in comparison to 2001-02.

Therefore, it can be concluded that despite a very low rate of enterprise ownership as a percentage to total population of their respective social groups(0.63% and 1.29% number of enterprise ownership by SC in 2001-02 and 2006-07 respectively in terms of total SC population; 0.62% and 1.15% number of enterprises ownership by ST in 2001-02 and 2006-07 respectively in terms of total ST population and 10.29% and 21.16% of no. of enterprise ownership by OBC respectively in 2001-01 and 2006-07), the growth in number of enterprise ownership of these social groups is quite phenomenal. The entrepreneurial emergence among the underprivileged has also been very succinctly analyzed by Khuntia (2014), in his theses (unpublished) on "Entrepreneurial Development of Socially and Economically Backward Communities in the National Capital Region-An Empirical Study", .<sup>25</sup>

**Table 3:** Number of Enterprises owned by Social Groups as Percentage of Total Population-wise and Household-wise \$

	SC		ST		OBC	
	2001-02	2006-07	2001-02	2006-07	2001-02	2006-07
<b>Population*</b>	166.6	184**	84.3	94**	421.78	459.10
<b>Household</b>	31.54	37.88**	15.98	19.65**	79.58	86.62
<b>No. of Enterprises*</b>	1.05	2.38	0.52	1.08	43.41	97.16
<b>Percentage#</b>	0.63	1.29	0.62	1.15	10.29	21.16
<b>Percentage@</b>	3.34	6.26	3.25	5.40	54.55	112.17

\* Figures in Millions; \*\*Estimated value in Million; #No. of Enterprises as percentage of population; @No. of Enterprises as percentage of Households \$ *Source:* Janmejy Khuntia (2014):"Entrepreneurial Development of Socially and Economically Backward Communities in the National Capital Region-An Empirical Study", Ph.D Theses (Unpublished), M.D.U, Rohtak.

Therefore, the assertion that entrepreneurial behavior is consistently exhibited by these social groups (i.e., SCs, STs and OBCs) is valid in terms of enterprise ownership. This is also a clear indication of emergence of entrepreneurship among the underprivileged class from the data on several Censuses conducted by MSME and Economic surveys as shown in this study.

### 5.1 Share of Employment by Social Groups

As per the data available from Economic Census 2005, the share of workforce employed by SC, ST and OBC units are more in rural areas than the urban regions. Whereas the share of employment in units owned by SC was 10.1%, ST 4.7% and OBC 45.0% in rural areas in contrast to 5.8%, 1.9% and 34.1% respectively in urban regions. The upward castes' share in employment was quite high i.e. 58.2% in urban areas although it was 40.3% in rural areas as revealed from Table 4. Although the percentage of population of these social groups to total population and the percentage share of employment in total employment do not match, rather share of employment falls far below their percentage share in total population still, the social groups together generate 52% of total employment. This indicates that not only a favourable trend in enterprise ownership is seen in the preceding analysis; quite a substantial size of employment is generated through the participation of these groups in entrepreneurial activities.

**Table 4:** Share of Employment by Social Groups, 2005

<b>Share of Population</b>			
<b>Social group category</b>	Rural	Urban	Total
<b>SC</b>	18.2%	11.7%	16.4%
<b>ST</b>	9.7%	2.2%	7.7%
<b>OBC</b>	72.1%	86.2%	40.9%
<b>Others</b>			35.0%
	100	100	100
<b>Share of Employment</b>			
<b>SC</b>	10.1%	5.8%	8.1%
<b>ST</b>	4.7%	1.9%	3.4%
<b>OBC</b>	45.0%	34.1%	40.0%
<b>Others</b>	40.3%	58.2%	48.5%
	100	100	100

*Source:* Economic Census 2005, Population of SC and ST is taken from census 2001, OBC Population share from National Election Study, 2009.

Table 5 on total employment in registered sector and unregistered sector in different regions would further corroborate our assertion for a positive contribution of the underprivileged social groups in generation of employment through entrepreneurial participation. It is evident from this table that the share of employment of SC group is quite substantial in rural regions with 14.19% and 11.20% in registered and unregistered sectors respectively in comparison to the percentage of share in urban registered and unregistered sectors. Similar is the case of ST group with 6.17% (urban 4.66%) and 6.63% (Urban 2.30%) in rural registered and unregistered sectors respectively. In case of OBC group also the tilt is in favour of rural concentration of share in employment with a high percentage in registered (36.15% of total rural employment) and unregistered (46.55% of total rural employment) sector in rural regions. Interestingly, the forward caste groups' share in employment is high in urban areas both in case of registered as well as unregistered enterprise sector. With 56.60% share of employment as against 43.40% combined share of all underprivileged social groups in the registered sector, the forward caste groups' dominance in employment generation is clearly visible in urban areas. Conversely, the dominance of social groups comprising SCs, STs and OBCs in employment generation both in

registered and unregistered sectors is quite pronounced in rural areas as revealed from Table 5. Apparently it seems that the underprivileged social groups have preference for entrepreneurial behaviour with less of formalization as rural and unregistered sectors do dominate in terms of share of employment.

**Table 5:** Percentage distribution of Employment by type of Social Category

Social Groups	Registered		Unregistered	
	Rural	Urban	Rural	Urban
SC	14.19	10.18	11.20	7.31
ST	6.17	4.66	6.63	2.30
OBC	36.15	28.56	46.55	42.95
Others	43.48	56.60	34.04	45.50
Not Reported (NR)	-	-	1.58	1.94

Source: MSME Census 2006-07: Registered and Unregistered Sectors.

## 5.2 Employment Intensity

Employment intensity is measured in terms of employment per unit (unit defined as rupees in crore) of Fixed Assets (FA)/Investment; Employment per unit (crore) of original value of Plant and Machinery (P & M) and employment per unit (crore) of output in order to understand employment per crore of activities such as investment, original value of P & M and output. A high intensity means high ability for generation of employment. Table 6 shows all the three employment intensity parameters for different social groups as per the Fourth Census Report, MSME, 2006-07.

Both in the registered as well as unregistered sector, the SCs and OBCs have shown high degree of employment intensity maintaining a rate higher than their counterparts of other forward caste groups and also a far higher rate than that of the All-India average in all the three parameters taken in the table, viz. Plant & Machinery, FA and Gross Output. This indicates that the underprivileged social groups have contributed towards higher degree of employment generation through their entrepreneurial engagement.

**Table 6: Employment Intensity**

<b>Registered Sector</b>			
	Employment/P&M	Employment/FA	Employment/Output
<b>SC</b>	137.26	26.84	21.30
<b>ST</b>	100.42	14.95	12.22
<b>OBC</b>	153.30	36.90	25.07
<b>Others</b>	74.21	17.63	10.86
<b>All-India</b>	88.64	20.73	13.16
<b>Unregistered Sector</b>			
<b>SC</b>	671.09	256.85	158.88
<b>ST</b>	666.68	326.10	171.35
<b>OBC</b>	454.94	181.69	136.98
<b>Others</b>	361.95	138.69	82.35
<b>All-India</b>	431.99	169.77	110.58

*Source: 4<sup>th</sup> Census MSME Regd. Sector 2006-07*

In case of ST group, the employment intensity in terms of FA and output has shown a lower rate in comparison to all-India average indicating lower ability for employment generation under these parameters. In other words, in the registered sector, per unit efficiency of FA and output vis-a-vis employment in case of ST-group was not so encouraging. In the unregistered sector, however, the ST-group has equally emerged along with other social groups in the generation of employment. Thus with the rise in the ownership of enterprises the social groups belonging to SC, ST and OBC, there has been a growing contribution in the field of employment generation as well.

## **6. Conclusion**

There exists a substantial participation of social groups the SCs, STs and OBCs in entrepreneurship in both registered and unregistered sectors particularly in Micro, Small and Medium Enterprises in terms of growth in enterprise ownership by this social group in MSME sector in the Third and Fourth Census, conducted by the Ministry of MSME. As per Economic Census the growth in Establishment Enterprises both in rural as well as in urban regions has been indicative of entrepreneurs contributing towards generation of employment through their entrepreneurial acts. The social group OBC enjoys a larger percentage of enterprise ownership in

rural areas. The consistency in terms of percentage share of enterprise ownership by ST between the two censuses in establishment enterprises shows signs of survival of entrepreneurs of this social group. Similarly SCs and OBCs have shown consistency in growth in terms of share in enterprise ownership in this period. The available data on social groups SC and ST on household-wise estimation of entrepreneurial tilt, a significant growth from more than 3 per 100 households in 2001-02 to more than 6 per 100 households in 2006-07 in case of SCs and from 3 per 100 households in 2001-02 to 5 per 100 households in 2006-07 for STs are no less meaningful achievements on emergence of entrepreneurship among these underprivileged social groups. This clearly indicates that the social group(s) who had no access to entrepreneurial actions is now showing preference for it as an occupational choice.

Existence of a sizeable entrepreneurial base of the underprivileged social groups is indicated in terms of their contribution to employment generation through entrepreneurial activities. The evidence that the entrepreneurial behaviour of this class is of the nature of less formalization as concentration of employment lies in rural and unregistered sector is also observed in this study. The growing tendency of preference for Establishment Enterprises (EST) also indicates enhanced employment generation potential through the enterprises of these social groups. The efficacy of the enterprises of this group is reflected in the high rate of performance on employment intensity measured in terms of per unit (rupees in crore) investment, value of plant and machinery and output. The performance on this count is surprisingly far superior to the employment intensity of the enterprises owned by upper caste social groups. The possible reason for this may be due to the holding of largest share in Capital-intensive Enterprises by the other groups than the share that underprivileged class holds. So the enterprises owned by social groups seem to be labour-intensive. However, in regard to the quality in wage variation, further research needs to be done.

In India, certain castes and communities have been traditionally oriented towards business and entrepreneurship. Their skill and business acumen is transferred from one generation to the other. Knowledge, knowhow and strong business networks which are present in these communities, are missing from the underprivileged sections of the society because of stratification of society on occupational grounds. Further empirical research needs to be done to establish whether the entrepreneurial emergence as seen here is due to economic opportunities

created by the State popularly termed as 'pull' factors (positive motivation) or due to absence of equal economic opportunities popularly termed as 'push' factors (economic necessity). Entrepreneurship as a significant vehicle for social mobility among the socially underprivileged groups has already been established even if it is in its infancy in terms of size of enterprise ownership as a proportion to the total population of these social groups.

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