**Title: Indian Entrepreneurial Culture: A Historical Perspective**

1. ***Introduction***

Last eight years the Indian job market has witnessed relentless demand for government employment; however, less than 1% of those who applied were selected. According to a report presented by Dr Jitendra Singh (Minister of the state, Department of Personnel and Training) in the Indian Parliament, only 0.33 % of the 220.5 million applications submitted from 2014-15 to 2021-22 were recommended for recruitment in Central government services (Sharma, 2022). In India, even professionally qualified medicos and engineers devote several years to preparing for the Civil Services Examination. After receiving their degrees from premier government-funded universities (like AIIMs, IITs and IIMs) they do not pursue their profession but rather compete to qualify India’s most challenging civil services exams (IAS).

On the other hand, the irony is that public servant’s contribution to the growth and development of India is exceptionally low with enough evidence available to corroborate this claim (Asthana, 2020). Every year a million people compete for these coveted positions for power, stable career option, social recognition, lifestyle and sometimes to serve people (NUNE, 2019). Astonishingly, more than 50% of people who are recruited every year come from families with government service backgrounds (Dingra, 2020). Fertile Indian brains who can contribute to the robust Indian economy by running its industries and producing wealth for the nation are busy mugging for civil services to become middle-class government employees.

Highly qualified (Post Graduate/ PhDs) youth applying for class IV positions are the quintessential examples to understand the seriousness of government job obsession in India (Muralidharan, 2015). Indeed, the government job market is insignificant in resolving the rising unemployment rate. However, on the other hand, the fascination of our youth with public employment has become a telling obstruction to the economic growth of the country. Desperate unemployed youth waste the best years of their life in preparation for government services examinations. The fact that makes the whole debate more intriguing is that the percentage of Indians in Public sector employment is only 3.8% of its total workforce which is relatively lower than its neighbours like Pakistan (7.3), Srilanka (14.8 %) and even Afghanistan (8.3%). After exhausting all attempts at getting a government job, youth are compelled to take up entrepreneurship as a career option. Educated Indians do not embrace entrepreneurship but rather are pushed towards it because of a shortage of suitable job employment, particularly in the public sector.

It is pertinent to mention that the Indian Government has been promoting entrepreneurship in the country since its Independence and revising its Industrial policies from time to time. There are dozens of agencies and government departments working at the forefront to facilitate the transition of a business venture from its conception to the expansion phase (for example: - District Employment and Counselling Center, Khadi and Village Industries Board and District Industries Center etc.). Undoubtedly, India has tremendous entrepreneurial opportunities for anybody seeking employment and growth. Before covid 19, PM Modi in his Independence speech in 2019, expressed his desire for the business community to spearhead India’s economic growth and pledged to provide them with necessary support through policymaking (Misra, 2019). Gem Report 2019-20 reveals that Indian sees good opportunities for starting new business ventures, whereas the majority rarely acts upon them. In light of the above discussion, it can be stated that entrepreneurship is not the ultimate career choice of Indian youth.

Educated youth's quest for nirvana ends with a government job, even if it is a class IV appointment. It is slightly complicated to comprehend the motivation of highly qualified youth of the country who opt for a low-profile job in the public sector instead of an entrepreneurial career. Accordingly, raising questions, especially one on the higher education system that has failed to produce ambitious and innovative entrepreneurs. Similarly, social acceptance of such irrationality in India is an intriguing conundrum. Why are the youngsters chasing the civil service mirage in India? How can we transform the mindset of Indian Youth and make them fall in love with venture creation? A significant number of researchers believe that our actions are shaped by environmental stimuli. That is all behaviours are learned by conditioning that takes place through interaction with the environment (Krapfl, 2016). Our personalities are a combination of all our life experiences together (Watson, 1919). Looking at this problem from the lens of a behaviourist, it can be assumed that the solution lies in analyzing the past. Therefore this paper is an attempt to answer these questions by understanding the problem from a historical perspective.

1. **Indian Economy under British Rule: A glimpse of the past**

Indian sub-continent was ruled by many dynasties, but its economy reached its apex during the Mughal era. Under the Mughal rule GDP grew more rapidly than it had in 1,500 years, driving it towards growth and prosperity. During this time India evolved as a major agricultural powerhouse and a significant global player. Agricultural growth pushed commercial activities in the country making India an export-driven economy. In 1600 Gross Domestic Product (GDP) of India was estimated at 22% of the global economy, which in 1700 jumped to 24% making Mughal India the world's largest economy at that time (Maddison, 2003). Surprisingly Mughal India up until the 18th century was contributing one-fourth of world's industrial output (Clingingsmith& Williamson, 2008).

The narrative changed with the fall of the Mughals and the rise of the British, originating the saga of the destruction of entrepreneurial culture in India. Bolstering this claim, in the 18th century, India’s share of the global GDP was 23%, which declined to 4% when the British left India (Maddison, 2003). A significant number of modern historians blame British colonial rule for the wretched state of the Indian economy (Jain & Ohri, 2017). British treated India as a colony, restricted investment in Indian Industries, and made no substantial efforts to modernize its agricultural economy, consequently leading to deindustrialization (Cypher, 2021).British in the 18th century orchestrated the plunder of Indian resources leading to the destruction of the economy developed by the Mughals (Ray, 1998). Likewise Tharoor (2018) believes that British ascend for 200 years was funded by its loots of India.In light of the economic data it would not be presumptuous to assume that in British India entrepreneurship was not an attractive career option for educated youth.

Our colonial past has immensely affected our mindset, attitude towards life, lifestyle and particularly our self-image. Many things that have become part of Indian culture are relics of the British Raj, like love for tea, cricket, the English language obsession and civil services mania, epitomising the colonial mindset of Indian people (Tharoor, 2018). The Indian subcontinent under Mughal rule not only survived but flourished, and especially economy thrived. However, when the British ruled India, they altered the destiny of the Indian economy by polluting the fertile Indian brains with pessimism and an inferiority complex by practising racial discrimination for over 200 years.

**2.1 Macaulayism at the core of Crippled Indian Education System**

The efforts that the British put to modernize the Indian education system were not altruistically motivated but rather had selfish motives. In 1835 British politician Thomas Babington Macaulay in his “Minute on Indian Education" explicitly explained the reasons to invest in Indian Education. He believed in the supremacy of English education over traditional Indian schooling and considered it defective. He wanted to create a class among Indians with Indian skin colour but English tastes and allegiance. Eventually, English became the official language, the medium of education and lingua franca in India, but unfortunately is still known as the language of the elite. British needed men to run their offices in India as the demand for clerical positions was growing. It was economical for the East India Company to invest in Indian education and get cheap labour instead of importing pricey staff from England. Accordingly, British investment in Indian education was restricted by their imperialistic objectives, which led to an exceptionally low literacy rate. In 1947, only 12% of Indians could read and write, which is shameful, atrocious and barbaric.

After independence India witnessed amazing political, social and economic changes that eventually led to systematic development of educational infrastructure in the country. According to the census of 2011 literacy rate reached 74.04% which is still beyond what India could have achieved. The Indian education system is so defective that after 75 years of independence, the government has to run programs like "BetiPadaoBetiBacho” to protect girl children, eradicate female feticides and ensure their participation in education. Unfortunately, the Modern Indian education system has played a significant role in producing government job aspirants instead of innovator and entrepreneurs. The claim above is corroborated by the results from a recent study conducted by Global Entrepreneurship Monitor which has estimated that only 20% of Indians between the age group of 18-64 years have intentions of starting a business in next three years (Cited by Chinchure, 2020).Even professionals like doctors and engineers leave their well-paid jobs to prepare for civil services examination. On the contrary, there are sporadic instances where some top bureaucrats have left their jobs to try their hands on entrepreneurship (Patelkhana, 2019).

**2.2 Indian Civil Services: A Colonial legacy**

The revolt of 1857 ended the Company's rule, consequently, brought India under the control of the British Civil Services. Indian Civil services (ICS) was founded in 1858 to facilitate the British to control this gigantic and culturally diverse country, with the primary function of maintaining law and order and revenue collection (Sundar, 2020). ICS officer directed all government activities for millions of people in 250 districts of British India. The civil services were classified as covenanted and uncovenanted. The senior positions in the government were held by people of British origin from the covenanted civil services. However, to encourage natives to apply for lower administrative positions, uncovenanted services were introduced in British India. ICS officers were highly-paid officials in the British Administration and at the top of the structure was the governor. With allowance, pension and other retirement benefits, it was the most lucrative career of that time. Even the widow of an ICS officer was entitled to £300 a year (Mason, 1985) which is approximately £46,669.40 when adjusted for inflation in 2022. These numbers can give us a fair idea of how British officers lived in those times when Indian natives were barely surviving.

World war first changed things globally, however for the Indians, it made the dream of entering into ICS accessible. Due to numerous reasons, the British people lost their interest in ICS which is why from 1915 to 1924 government of British India made direct appointments. During this time 44% of the ICS positions were filled by native Indians (Poter, 1973). This event in British India marked the beginning of an era of brown people's empowerment, simultaneously triggering the ICS fascination among Indian Youth. During this period, our ancestors witnessed a transformation in the Indian subcontinent. They could see someone of their colour holding a position of power and authority under British rule. This change offered natives a ray of hope and people of colour fell in love with Indian civil services.

On the contrary life in British India was immensely dreadful for entrepreneurs, as it was for the peasants (Tharoor, 2018). Only people happy and enjoying all the British India's power were civil servants, who were loyal than the king (Asthana, 2020). Mostly the officers in the British Raj were foreigners, especially District collectors who lived like Nawabs on the taxes paid by poor Indians (Sundar, 2020). Accordingly, our ancestors who had worked in government services had always longed for positions which were powerful and influential like Deputy Collector’s. British left India in 1947, but their legacy of Indian Administrative services has successfully survived in the country and is considered one of the most desired career options for Indians, with millions of aspirants competing for every year (Chowdhry, 2020; Nune, 2019). Cracking this exam would give a person not only a stable career but also a lot of media attention in India, with news channels showing interviews and stories of success, covering their past lives for months. A study conducted by ShriVishwakarma Skill University (SVSU) in 2016-2017 found that Indian youth were highly obsessed with the idea of getting into government service (Kumari, 2020).

1. **Post Independence India**

In 1947, the British left India in a state of wretchedness, with extreme poverty, poor health care, handicapped education system and gross inequality everywhere. To counter these problems a socialistic approach was the need of the hour, and that started an era of land reforms, focus on agriculture and investment in the development of premier institutions of higher learning. India was on its path of redemption, and gradually started its journey forward with public sector playing a significant role in the economic development. Inspired by USSR, India started implementing centralized five years plans for boosting economic growth and achieving social objectives. The first five year (1951-56) plan focused on boosting the agricultural production to reduce expenditure on the imports of food grains. Plan was a success and economy started growing with an annual rate of 3.6%. In the second five year plan (1956-61) the main objective was to become self-reliant by investing in heavy industry and capital goods. This led to development of public sector companies and for the private companies it was begging of the era of licence raj.

The Licence Raj was a system of, rules and regulations, associated with red-tapism that hampered the establishment and operation of private enterprises in India between 1947 and 1990. Red-tapism in the government sector de-motivated young aspiring Indian youth and smothered any hope of reviving the entrepreneurial culture of the country. The educated youth of the country started channelizing their energies into a different direction like competing for government jobs. Felt rejected and disappointed a large number of genii left India to find better opportunities abroad. Popular culture movies like Mother India (1957), Roti Kapda Aur Makan(1974) and Manthan (1976) have tried to paint the struggle, suffering and helplessness of Indian farmers and urban lower middle class during these times.

Finally, in 1991 the Indian government under the leadership of P.V Narasimha Rao dismissed the licence raj system and liberated the economy starting a series of deregulations. The economic reforms in the country removed restrictions and abolished licensing for almost everything with some exceptions. Whereas the only thing it could not restore was the pride of being an entrepreneur, which was lost with the end of the Mughal era. Even today after three decades of reforms, we still see youth desperate for job employment in India.

1. **Current Situation**

In India, economic progress can pull entire populations up in terms of absolute income, but an individual's social standing remains constant ([The World Economic Forum, 2020](https://www.sciencedirect.com/science/article/pii/S2590291122000808" \l "bib52)).  When it comes to social mobility India is placed at 76th rank in the global social mobility index report 2020 published by World economic forum. Even though in the past few decades India has witnessed a considerable fall in the percentage of people living below the poverty line, there are various development parameters where we fall behind.Providing equal opportunities to grow and be prosperous to people from all castes, creeds and socio-economic classes would be the first step in the process. Even today opportunities are restricted to people coming from particular socio-economic backgrounds. The best example would be that in India most of the young entrepreneurs come from business family backgrounds. In India caste and family background still influence the way you think about your career choices. After 75 years of Independence India still struggle with low life expectancy, poor excess to health care, broken education system and high unemployment rates. In India it takes seven generation for a person from a poor family to attain an average income ([The World Economic Forum, 2020](https://www.sciencedirect.com/science/article/pii/S2590291122000808#bib52)). That mean if you are born poor you will die poor and to escape the cycle of poverty is nearly impossible.

To better understand the how entrepreneurial ecosystem of the country has improved in past three decades we can look at the “ease of doing business rankings”. Unfortunately in 2015, India’s stood at 142nd place in ease of doing business ranking among 190 economies, which means more disappointed youth, low confidence in the system and more negative sentiments. Undoubtly in last few years, we have seen a drastic change in the rankings, India ranks at 63rd place in 2020 report. Even though the ranking is better now, but the damage that has been done in past decades is irreversible. The only hope that a poor Indian who comes from a underprivileged background see is a government employment. The way out of poverty and towards social empowerment in India has been the opportunities in the government because in India Public employment has reservation and people from under privilege and poor backgrounds see hope and a possibility of better future.

## 4.1 Romanticizing Indian civil services

# The Indian middle class's desires for job security, work-life balance and social status make Sarkari Naukri (Public Service) their first career choice. As soon as the result of the Union Public Service Commission (UPSC) is in the public domain, all the media outlets start running news pieces about the exam toppers. By discussing the struggle of UPSC toppers, the media glorifies their achievements and promotes the idea that bureaucratic positions are the ideal employment choice for intelligent and ambitious people. The narrative is further pushed by the giants of the civil service coaching industry which is approximately worth Rs 3000 crores (Sharma, 2020). In the last few decades, the obsession with civil service among youth has led to the expansion of the coaching industry, leading to large-scale promotion on print and electronic media creating a vicious circle of unrealistic expectations (Sundar, 2020).

# The anxiety of unemployed youth smitten with love for civil services intensify when newly appointed bureaucrats start glorification of their work on social media platforms. UPSC toppers get massive publicity on mainstream media that technically expands their social media fan following on various platforms. Undoubtedly in the last couple of years, we have seen IAS officers becoming social media sensations on platforms like Instagram, Facebook and Twitter. According to data ThePrint received from Simplify360 (A marketing analysis company), the IAS officers who are most popular on Instagram in India are not far behind influencers and celebrities in terms of popularity (Mihindukulasuriya, 2022).After years of hard work when desperate youth get a chance to nurture their delicate self-pride on social media platforms they exploit every opportunity to flaunt. Furthermore every user who is in the coaching business or is inspired by their stories romanticizes their struggle, achievements and personalities creating a vicious cycle of never unending expectations.

1. **Conclusion and the way forward**

Skimming economic history from the Mughal period to the present India reveals that the crisis in entrepreneurial culture started with the advent of British rule. The practice of racial discrimination by white masters coupled with destructive economic policies ingrained pessimism in the fertile Indian brains. The seriousness of this claim can be understood by the fact that even the father of the Indian Nation “Mahatma Gandhi" once believed in the theory of white supremacy and racism (Desai & Vahed, 2015). Driven by selfish goals, British investment in Indian education was abysmally low, which created a suppressed civilization of oblivious citizens on one end and a class of English-knowing Indians on the other. British partisans expanded when opportunities for Indians in ICS started to grow. Apprehending the circumstances of those times, it would not be an exaggeration to say that Indians were living a nightmare under British rule. And the only way visible out of the misery, humiliation and discrimination was to become an ICS officer. Unfortunately after decades of Independence the situation is still not much different, lineage and background still plays an important role in choosing a career irrespective of education. Even though our ranking in ease of doing business has improved lately but is unsatisfactory as the harm done in the past is unredeemable. Eventually extreme corruption and red tapism suffocated the spirit of entrepreneurial culture in the country consequently conditioning our youth to compete for public employment. The entrepreneurial ecosystem of the country is pathetic, atrocious and unreliable making it a country where if a person is born poor that means he shall die poor. The quota system in the Indian Public sector gives the majority of the population (i.e. Schedule Caste-19.7%, Schedule Tribe-8.5%, and Other Backward Classes-41.1%) hope that by getting a government job one day they shall escape the vicious cycle of poverty. Based on the above discussion, we can propose that the Indian lower middle class (i.e. more than 60% of the population) believes that getting into civil services is the ultimate salvation. The explanation for the civil service obsession among Indian youth is concealed in the entrepreneurial and economic history of the region. Economic terrorism during British rule nurtured the atrocious entrepreneurial culture in the country and conditioned generations of Indian youngsters to pursue public employment as the first career option.

Eventually, this fascination for public employment among youth became responsible for the sluggish development of the manufacturing and services industry in India. Bihar is a quintessential example that proves that the number of people joining civil services from a state never changes the living conditions of people (Vardhan, 2017). On the other hand, in Gujrat, where the Civil service obsession is low among youth, they have excelled in entrepreneurship and innovation (Hibu, 2020; Vardhan, 2017). Robin Hibu, a senior Indian police services officer, believes that the civil service obsession is unhealthy for youth and it is high time to attract youth towards entrepreneurship and away from the service trap (Hibu, 2020). Furthermore, the opportunity cost involved with the UPSC preparation is enormous, and sometimes people waste 5-6 golden years of their lives in preparation.

# Only thing that has the potential to change the destiny of a nation is an obsession with the production of goods and services that creates employment and brings prosperity. There is an intense need to change the narrative and promote entrepreneurs as real heroes who put their lives, capital, and sometimes careers at stake to deliver services and products to create wealth for the nation. Even Prime Minister N.D Modi admitted to this fact on 15th August 2019, saying, “The need of the hour is to recognize and encourage the wealth creators of our nation.” Acknowledgement should start with making the necessary reforms in the education system that would give entrepreneurs their due. The conditioning of young Indians must start from kindergarten, long before the social media handles of the bureaucrats would corrupt their minds. Indeed, with proper educational reforms, millennials can nurture the next generation to become entrepreneurs driven by passion rather than necessity.

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