

BUSINESS HISTORY

A STUDY OF ENTREPRENEURIAL CHANGE WITH REFERENCE TO HYDERABAD

**A thesis submitted to the University of Hyderabad in partial
fulfillment of the requirement for the award of the degree of**

DOCTOR OF PHILOSOPHY

BY

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DECLARATION

I hereby declare that the work embodied in this dissertation entitled “**Business History: A Study of Entrepreneurial Change with Reference to Hyderabad**” has been carried out under the supervision of **Dr. R Swarupa Rani** Department of History, University of Hyderabad, and has not been submitted for any degree in part or in full to any other university or to this university.

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CERTIFICATE

This is to certify that the dissertation entitled **Business History: A Study of Entrepreneurial Change with Reference to Hyderabad** submitted by **Sivaji Doneti** as a part of the degree of Doctor of Philosophy in History is original and the work has been carried out under my supervision.

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ACKNOWLEDGEMENT

My indebtedness to my supervisor **Dr.R. Swarupa Rani** and to other faculty members of the Department of history, University of Hyderabad. It is their encouragement that gave me confidence to complete this research work.

I would like to regard my deep sense of gratitude to **Prof.R.L.Hangloo**, head department of history and chief proctor, university of Hyderabad, for his valuable support and initiation to complete this research work.

My exceptional thanks to **D.V. Manohar**, chairman Sri Shakti Group of Industries, who helped me a lot in getting appointments of the eminent business persons and spend his valuable time for long hour discussions on Hyderabad business and on his entrepreneurial experiences.

I extend my special thanks to the eminent business men of Hyderabad, **D.V. Prasad Reddy**, Vice Chairman and CEO, Dr. Reddy's Lab's, **Murthy Gorle** Vice President Pearls Distillery UB Group, **Pawan Lakhotia** Executive Director Pawan Power& Telecom Ltd, **Prof.Ramakrishna** Dean, NIMS, **Dr.Yadhaih** Samatha Nursing Home, Hyderabad and **Samantha Reddy** CEO, B2B Technologies Hyderabad, who gave their time for long hour discussions and **Prof. Venkata Ramana** Dean, school of Management studies, University of Hyderabad .

I offer my thanks also to Chirec family especially to **Mrs. Ratna Reddy** Director Chirec, **Mrs. Pameela Khanna** Principal, **Mrs. Janaki**, Vice Prinicpal, Ramani mam and Venkat sir. I greatly indebted to Chirec social department Sameena mam, Rani mam, Indrani, Sridevi mam and brothers Dilp anna, Dr. Nagaraju, Dr.Rambabu, Ravi Gurajala, Thomas, Phanesh, Ramakrishna, Koti, Benegry and Ramakrishna Reddy, for their encouragement and moral support to complete this work.

SIVAJI.D

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ABRIVATIONS

APIDC	-Andhra Pradesh Industrial Corporation
APIIC	-Andhra Pradesh Industrial Infrastructure Corporation
APSIDC	-AP Small scale Industrial Corporation
BHEL	-Bharat Heavy Electricals Limited.
BPO	-Business process outsourcing.
DPCO	-Drug Price Control Order
ECIL	-Electronics Computers India Limited.
GE	-General Electric.
HAC	-Hyderabad & Andhra Corporation being merged in
HCL	-Hindustan Computers Limited.
HITEC	-Hyderabad Information Technology Engineering Consultancy.
HMT	- Hindustan Machine Tools.
IDBI	-Industrial development Bank of India
IDPL	-Indian Drugs and Pharmaceuticals Ltd
IDPL	-Indian Drug Pharma Limited.
IFCI	-Industrial Finance Corporation of India
IIIT	-Indian institute of information Technology.
IIM A	-Indian Institute of Management.
IISc	-The Indian institute of science
ISI	-Indian Statistical Institute.
MNC	-Multi National Corporations
NDP	-National Domestic Production
NIMS	-Nizam Institute of Medical Sciences.
NTP	-National Telecom Policy.
NYSE	-New York Stock Exchange
PSU	-Public Sector Units.
SFC	-State Finance Corporation setup in all states in (1951),
SSPs	-Semi Synthetic Penicillins
STPs	-Software Technology Parks.
TCS	-TaTa Consultancy Services.
UTI	-Unit Trust of India.
VST	-Vazir Sultan Tobacco.
WTO	-world Trade Organisation

OPINIONS COVERED IN THIS WORK OF THE EMINENT PERSONS AND ENTREPRENEURS OF HYDERABAD

- Pawan Lakhotia.
Pawan Power Telecom LTD
Hyderabad
- Dr. Rama Krishna. Pinjala
NIMS Hospital
Hyderabad
- Lagada Pati Raja Gopal.
Lanco group Of industries.
Hyderabad
- Dr.Anji Reddy.
Reddy labs
Hyderabad
- D. V. Manohar.
Sri Shakti group of Industries.
Hyderabad
- Murthy Gorley.
Beverage Industries.
Hyderabad
- Pratapa Reddy,
Apollo Hospital.
Hyderabad
- Chandra Mohan,
Apollo Printing Press,
Himayath Nagar, Hyderabad.
- Dr.Soma Raju
CARE Hospital.
Hyderabad
- Dr.Yadaih.
Sndhya Nursing Home
Chanda nangar, Hyderabad

CHAPTER – I

INTRODUCTION

I

OBJECTIVE AND PERIOD OF THE STUDY

Hyderabad city once a princely state has been chosen for my research due to its role playing in the business entrepreneurship from the beginning. This is a historical study aiming at understanding the historical changes and transformation of Hyderabad entrepreneurship, its transactional character and its trends of the recent past. The main concern of this study is to focus on the entrepreneurial change and its transformation, to offer an over view of long-term trends of business, keeping in view of its socio-economic-culture of Hyderabad. This work mainly locates on entrepreneurship rather than macro-economic investment or trade theory and the period covers from 20th century, the interwar period to the post liberalization period of the recent past (1900-2000). Since there was no adequate research on business history and entrepreneurship on Hyderabad which necessitated to take up on this unearthed.

The concept of entrepreneurship is having certain complex tradition within the economic and business activities; to formulate a sufficient definition is extremely difficult where this concept has a long and rich tradition within economic theory. Since this work is mainly focused on the concept entrepreneurship, this work widely tried to get the conceptual clarity and also devoted enough space to understand the nature of Hyderabad business. The concept entrepreneurship is varied from region to region and place to place. There is a need that entrepreneurship is to be understood in the context of the prevailing environment of that particular country. In Japan entrepreneurship implies abilities to multiply capital. In industrially advanced countries entrepreneurship is

associated with innovation. In India entrepreneurship is allied with the tradition which means socio- economic& cultural aspect.

CHAPTERISATION

The thesis is divided into four chapters, of which the first chapter is introduction which discuss the relevance of the study, perceptions, review of literature, objectives, period of the study and the chapterisation of the work. It also deals with the concept which helps for the broader understanding and conceptual clarity of the entrepreneurship. And introduction to know about historical background of Hyderabad business and it deals with the roots of the Hyderabad business from Qutub Shahi's period to Nizam period keeping in view of the British impact on the princely state. It also study how Hyderabad provided favorable conditions for the settlements of different migrated communities who migrated and lead to form a cosmopolitan composition in the course of the history. The work also deals with different communities migrating to Hyderabad and their interaction with native people which necessitated and the encouragement of the Nizam state were the major reasons for the development of the Hyderabad business. It studies how the local strategic locations laid foundation for the market centers in Hyderabad and about the business enterprises and their business organizations. It also includes how the entry of British business in the Nizam dominion which gave a new shape to the Hyderabad business. It also studies how the business took place over a period of time and gave opportunities for new entrepreneurs and laid foundations for the modern business.

The second chapter deals with how the nature of the business enterprise transformed, strengthened and stretched towards industry during the interwar period in

Hyderabad in relating to the establishment of Industrial Trust Fund, in the initial days and stock market in the later days revolutionarised Hyderabad entrepreneurship.

The third chapter focuses on the transcript of some of successful entrepreneurs and their business groups of Hyderabad in post liberalization period. Predominantly, it focus on the shift of entrepreneurship from industry to service sector (Industry to knowledge based business) keeping in view of the impact of government policies, socio-economic developments and its mobility of the post liberal period thereby finding the predominant area of entrepreneurship followed by the fifth chapter on Information Technology, sixth chapter on Pharma Industry, seventh chapter on Hospital business entrepreneurs and concluding remarks as the last chapter.

METHODOLOGY AND THE SOURCES

The methodology which is followed to carryout this research extensively is conventional and non conventional as well. The primary sources we consulted census reports of industries since 1930s, Gazetteers, statistical abstracts of Hyderabad state, extensive use of archival reports; collecting information by visiting important historical market centers and industrial areas in the city. Interviews and opinions have been taken from eminent persons and from successful entrepreneurs of Hyderabad, private and published papers of the successful entrepreneurs, company annual reports. These primary sources corroborated, cross checked and presented in chronological order with some brief conclusions. We took audio, video recordings of interviews of successful entrepreneurs from all the sectors (can see annexure -1 for detailed interviews). More so we referred published journals, business magazines, periodicals, historic documents, biographies and also internet resources are the secondary for this work.

The limitation of this research is the dearth of considerable primary and secondary sources on Hyderabad business. This work mostly deals with the contemporary history in which it need to face many hurdles in writing the history. It needs to be considered that the historian who writes about the recent past faces difficulties very deferent from the historian who writes about the more distant past¹. The reader of the contemporary history is unlike the reader of the medieval or early modern historian on trust. The reader, in other wards knows the truth even before the historian offers it to him. The reader of the contemporary history is a critical reader and an active participant in the historical dialogue². The main challenge needs to be faced by the contemporary historian is that the reader often has strong notions about the topics he is writing about³.

RELEVANCE

The present world is passing through a process of 'liberalization' unprecedented. Since the concept of globalization came in to lime light and the business issues became terminal point for every activity. The size and structure, its trends and tendencies of the business have been changing all over the world. It could also been observed that there is a growing tendency towards the private business which is assuming the character of a global affinity. India has been passing through some striking business tendencies like Liberalization, Privatization, Marketization and globalization and is lie at the roof of the emerging world economic order today. At the out set there are many cities in India are integrating with the world business where Hyderabad has been proving its strength in business in the recent past.

¹.Ramachandra Guha: The Challenges of Contemporary History, *Economic & Political Weekly*, June 28, 2008. PP-192-200.

².Ibid. PP-192-200.

³.Ibid.PP-192-200.

Being a financial and economic capital of Andhra Pradesh, the city attracted many entrepreneurs made Hyderabad as their business hub which helped to play a significant role in post independent period business. The entrepreneurs like Ramalinga Raju, Nagarjuna Raju, D.V. Manohar, Pratapa Reddy, Anji Reddy etc, have been playing a major role in redefining the Hyderabad entrepreneurship. The city became the largest contributor to the state's gross domestic product, state tax and excise revenues. Starting in the 1990s, the economic pattern of the city has changed from being a primarily service city to being one with a more diversified spectrum, including trade, transport, commerce, storage, communication etc and service. Knowledge industrial business has become a major shelter zones for new entrepreneurs in the recent past.

No one can deny that the concept of entrepreneurship has a long and rich tradition in history. The existing literature has not shown ample attention towards entrepreneurship and on its emerging trends at the local in the context of global business. As far as business history of Hyderabad is concerned, an adequate attention is needed on the concept of entrepreneurship in terms of its meaning, genesis and features. Most of the writings have not focused on the area of 'Entrepreneurship' which is a fertile concept within the economic theory as the basic element for the new business trends.

There is a dearth of historical analysis that how Indian entrepreneurship integrated with the world business and its economy in post Independence period. There need to be some sort of historical description and analysis to understand Indian business and its transition from the 20th century to the 21st century. There is also a strong need to know the evolution of business of India in broader perspective with fiercest critiques. Majority of the writings have been related to business either at firm level or at aggregate

level or has looked either at some specific time period 'or' looked at some specific issue of business and so have been rather normative in their analysis, obviously the out fall of research could be seen on state and its policies in connection with foreign investment and development of private entrepreneurship.

PERCEPTIONS AND LITERATURE

There are two predominant sets of perceptions which could be observed from the available literature. The first set of perception is inspired by the writings of R.H. Tawny and Max Weber⁴. They argued that the dominant religion in India and the allied social system generated ethos and attitude which militated against the progress of economic enterprise. In other words caste division subdued occupational mobility, belief in the philosophy of Karma made people believe in their fate of accident on doing ones duty without concern for rewards and it offered little incentive for material ambition⁵. This perception says about the creation of a lesser amount of necessary and insufficient precondition for worldly achievement. The result was that business success was a selection of preferred goal for the Indian mind.

Another set of perception offered a parallel explanation of the economic backwardness of India. This comprised a class of writers who carried forward a line of reasoning popularized by a group of polemist around the close of the nineteenth century that included such illustrious names as Dadabhai Naoraji, M.G. Ranade. G.K. Gokhale, and R.C. Dutt. It analyses within the framework of economic stimulate rather than cultural compulsion and the root cause of India's economic backwardness⁶. According

⁴. Dwijendra Tripathi, Jyoti Jumani: The concise oxford History of Indian Business, Oxford University Press. New Delhi.2008 -PP-3.

⁵. Ibid.PP-3.

⁶. Ibid.PP-3.

to this set of perception the economic backwardness was the imperialist exploitation, preventing India from realizing in full economic potential.

Even on the Hyderabad most of the scholars followed same perception and were much focused on pre-independent period rather on post independence period. The scholars like Prof. Y. Vaikuntam, Prof. KSS seshan, Ratna Naidu, Prof. K S Upadhyaya, Anuradha Reddy, Binod V. Rao were more prominent in connection with Hyderabad history. Their main concern was on economic aspect of Hyderabad. They emphasized and tried to analyze the economic backwardness of Hyderabad keeping in view of the pre-independence period.

Prof. Y. Vaikuntam did extensive study on Hyderabad on its economic aspect; so far his main emphasis was on the implications of colonial rule. He highlighted about the general backwardness of Hyderabad. He emphasized the areas of technology and organizational backwardness were the basic reasons for its failure to transform itself. Further he says the market economy necessitated the production of raw materials and this naturally encouraged the commercialization of agriculture. The British disturbed the active trading and manufacturing economy dominated by the products of the artisanal communities, handicrafts textile, and other small scale industries of the Hyderabad state. He also argued about the reasons for industrial backwardness and its nature in Hyderabad state⁷.

Ratna Naidu tried to explore various historical factors isolated the city from the growth impulses of the new city areas. Ratna Naidu says the scale and extent of business activity in the walled city of Hyderabad was very small. The business activity in the walled city was by and large, conducted on small scale, within a localized market

⁷.Vaikuntham. Y: *State, Economy and Social Transformation Hyderabad State [1724-1948]*, (Manohar, New Delhi, 2002).

and has weak linkages with the new city business activities. The economic activity in the city did not rise above the level of petty trading by local business communities. The reason was the walled city excluded from major railway and trade routes that hampered the further growth of economic activity. Thus the business activity in the old city was by and large, conducted on a small scale, within localized market and was weak linkages with the new city business activities⁸. Sheela Raj did a best work on princely state sheela Raj tried to describe social and economic patterns, the development of communications, industry, commerce and education⁹.

Prof. K. S. Upadhyay work explains about the Industrial development in pre independent Hyderabad state. He says that the Hyderabad business fell severe competition with British imports and decline by the middle of the 19th Century. Units of industries could be established only with the patronage of the rulers. The private enterprise and finance conditions were very scarce. He also emphasized that the availability of raw material, the feudal background of the state might have been responsible for the non existence of enterprise. Though some industrial houses put effort there were further handicapped because of lacking both resources and managerial talent and by the non existence of banking and insurance companies. The establishment ITF helped a lot to meet the financial requirements of Hyderabad business in 1929. He also mentioned about that most of the Industrial business pre occupied by Muslims¹⁰.

⁸.Ratna Naidu: *Old Cities, New Predicaments, a study of Hyderabad*, Sage publications, New Delhi. 1990. pp-76-82, (AP State Archives)

⁹.Sheela Raj: *Medivalism to Modernism; Socio Economic and Cultural History of Hyderabad 1869- 1911*, (Published by Sangam books limited, London. 1987. pp-190-193). (AP State Archives).

¹⁰. Prof. K. S. Upadhyay on Industrial development in Hyderabad district(1860-1980) in History of Hyderabad District 1879-1950 A.D. Yugabda 4981-5052, Vol.1, Edt, by Prof. Mradha Krishna Sarma, Prof. K.D. Abhyankar, S.G.Moghe, .Published by *Bharatiya Itihasa Sankalana Samiti*, Hyderabad, 1987. PP-109-114. (AP State Archives).

Whereas Anuradha Reddy gave a comprehensive explanation about the airways in Hyderabad¹¹.

Hanumantha Rao .V analyzes post independence industrial entrepreneurs mind set. As he says they were hurry to make tons of money overnight. If one of them was successful in one type of industry, dozen of these follow. There were many instances in the cement, granite, and aquaculture businesses and so on. One doesn't stop to ponder over whether there was market big enough to absorb the production of all the units in the state of the country. Their desire was obviously is to make quick money¹².

He further extends that a handful of people made some money in the secondary market during the period of Harshad Mehta scam and there was a mad rush by thousands in the state and some have lost heavily and indeed become mad. There the same attitude was evident in investing in same chit funds and finance companies and several lotteries; those who ran these companies cashed on the same mental attitude of making a fast buck with no effort¹³.

The above literature did not explain adequately the meaning of entrepreneurship it-self. The concept has not been directly studied at best rather it has been discussed in passing. More over, the studies that have dealt with this issue have focused only on some specific periods of the time and there is no adequate literature on the post independent Hyderabad. Most of the available literature on Hyderabad have focused on Socio, Economic, Political and cultural history. Some works main concern was mainly

¹¹. Anuradha Reddy Flights of Fancy in Hyderabad the Glory of Power, Deccan Books-1998, PP-107-110, 121-124.

¹². Hanumanta rao.V, Acharya., Swaminadhan M C., Andhra Pradesh at 50 (A data Based analysis) Data News features, Hyderabad.1998.

¹³.Ibid.

on the Nizam history and they discussed about the business and entrepreneurship here and there by passing through but not showed full length center of attention¹⁴.

So far there is no specific study on Hyderabad business man efforts to integrate city with the rest of the world economy. The available studies have engaged in single or fewer variables in their respective areas of studies of socio, economic and political aspects. In order to understand the trends of business in the contemporary period it is needed a broader understanding of the concept and a wider set of dimensions of entrepreneurship to be studied.

II

This part of this chapter discuss the perceptions on entrepreneurship where the concept of entrepreneurship is having certain complex tradition within the economic and business activities thus formulating a sufficient definition is extremely difficult where this concept has a long and rich tradition within economic theory. Since this work is mainly focused on the concept entrepreneurship we need a conceptual clarity and also needs to understand keeping in view of the nature of our native business. There are some western scholars tried to analyze this concept in different dimensions are continuously having been changing from time to time along with its scope.

¹⁴.Most of the available literature on Hyderabad (Alikhan Raza, 'Hyderabad 400Years (1591-1991.', Austin Ian. 1992. *City of Legends (The story of Hyderabad)* India. ., Chandraiah, K. 1996. 'Hyderabad 400 Glorious Years'. Hyderabad. Nayeem Dr, M A. 2002. 'The Splendour of Hyderabad', Seshan, K S S, (etd.) 'Hyderabad-400, saga of city'. Vaikuntham Y. 2002. *State, Economy and Social Transformation Hyderabad State (1724-1948]*., Rao, R.S; Rao, V. Hanumanta; gopal, N. Venu. (ed.) 2007. *Fifty Years of Andhra Pradesh 1956-2006*'. Hyderabad: Centre for Documentation Research and Communication (CDRC). Have mainly Focused on Socio, Economic, Political and cultural History. These works main concern was mainly on the Nizam history and they discussed about the Business and entrepreneurship here and there by Passing through but not showed full length focus. Till now there is no specific work on business Entrepreneurship of Hyderabad.

The root of the word entrepreneurship can be traced back to 800 years to the French verb “Entrepreneur” which means “to do something”. Three hundred years later a noun form of the term appeared and soon thereafter both the verb and the noun entered the English language. The term entrepreneur first appeared in the French language and was applied to leaders of military expeditions in the beginning of the 16th century¹⁵. In 1730 *Richard Cantillion*, an Irishman living in France was the first person to use the term *Entrepreneur* to refer to economic activities¹⁶. *Richard Cantillion* used the term entrepreneur to mean a self employed person with a tolerance for the risk he believed was inherent in providing for ones own economic well being. Moreover he defined entrepreneur as a person who buys factor services at certain prices for selling his product at uncertain prices in future. He views an entrepreneur as a bearer of non-insurable risk¹⁷.

Towards the beginning of the Industrial revolution (1830), (*J.B. say*) *Jean Baptists say a French economist* further expanded the definition of a successful entrepreneur to include the possession of managerial skills. He made distinction between the function of an entrepreneur and the function of a capitalist¹⁸. An entrepreneur may or may not supply capital but he must know the art of superintendence and administration. Further extending this concept that *Long(1983)* viewed in historical perspective that three traits in varying degrees have been included in the definition of Entrepreneurship, Uncertainty and Risk Complementary managerial competence and

¹⁵. Long W. (1983). The Meaning of Entrepreneurship. *American journal of Small Business*, 8(2), 47-59(c971086) (CENCEE Web Teams.)

¹⁶. Ibid. (CENCEE Web Teams.)

¹⁷. Ibid. (CENCEE Web Teams.)

¹⁸. Ibid. (CENCEE Web Teams.)

creative opportunities. He argues that to ignore any of these areas is to risk repeating rather than learning from the History of the concept of entrepreneurship.¹⁹

In 1920 Prof. Knight added the possession of courage in the face of uncertainty to the definition of a successful entrepreneur and highlighted the importance of managerial skills. According to his theory the entrepreneur earns profits because he undertakes risks. The manufacturers produce goods with a view of selling them at a profit. It is the entrepreneur income which is unknown and uncertain²⁰. It is uncertain because it is left behind in character. Since the assumption of risk is a disutility it must be paid for and Profit is the reward for the exhumation of such risks. According to *Prof. Knight* the main function of entrepreneur is to act in anticipation of future events. He produces goods in anticipation of demand and purchase goods in anticipation of resale. Moreover according to Knight's theory uncertainty bearing is essential to production, therefore it is a factor of production and the reward for it is a part of normal cost of production²¹. The risk theory seems to suggest that the more risky the nature of an enterprise the greater must be the profit earned by it. But uncertainty bearing is only a part of the duties of the entrepreneur. He has other duties also e.g. Organizing, Bargaining and innovating. Moreover it is not possible to measure uncertainty in concrete terms. The theory seems to suggest that the more risky the nature of an enterprise the greater must be the profit earned by it, but really speaking, there is no such direct correlation between the rate of profits and the degree of risks inherent in different types of business²².

¹⁹. Ibid. (CENCEE Web Teams.)

²⁰. Ibid.

²¹. Ibid.

²². Ibid.

Joseph A. Schumpeter has seen that the function of entrepreneurs is to reform or revolutionarise the pattern of production by exploiting an invention or more generally as untried technological possibility for producing a new commodity or producing an old one in a new way by opening up a new source of supply of materials or new outlets for products, by reorganizing an industry and so on²³. Rail road construction in its earlier stages, electrical power production before the First World War, steam and steel, the motorcar, colonial ventures afford spectacular instances of a large genius which comprises innumerable humbler ones such as making a particular kind of sausage or toothbrush. This kind of activity is primarily responsible for the recurrent 'prosperities' has revolutionize the economic organism and the recurrent recession that are due to the disequilibrating impact of the new products or methods²⁴.

According to Joseph Schumpeter, an entrepreneur is an innovator who brings economic development through new combination of factors and production, an entrepreneur is the man who sees the opportunity for introducing a new technique or a new commodity for an improved organization or for the development of newly discovered resources. He raises the money to launch new enterprises, assembles the factory of production and chooses top managers and not the organization to get going. He need not be a capitalist he may not provide any funds of his own. Schumpeter argues that inventions or discoveries by themselves have little economic effect for inventions or resource discoveries to be significant; instead some one with special talent brings them into use. That man is an entrepreneur. Sometimes the entrepreneur is treated also as a capitalist but there is a difference between the two terms²⁵.

²³.Joseph A. Schumpeter; *Capitalism, Socialism and Democracy*, Introduction by Tom Bottomore; George Allen & Unwin LTD, Ruskin House Museum Street. 1976. PP-132.

²⁴.Ibid.PP-132.

²⁵.Ibid.PP-132.

The capitalists furnish the funds. It is leadership rather than ownership that matters on the question of development. The neo classical economists in their theoretical formulations do not stress entrepreneurship to the extent that Schumpeter does. The neo classical view of the economic world development takes place gradually and smoothly, where as Schumpeter emphasizes that entrepreneurship is connected with a view of development as carried by discontinuous spurt in a dynamic world. Another feature of the Schumpeterian model which increases the prominence of the entrepreneur is the development process which is the minimization of the role of consumer sovereignty and the hope of profits was a major stimulant to innovation²⁶.

Schumpeter's theory though logical, seems one sided and over emphasized. The invention itself is only a scientific fact, the innovation as Schumpeter emphasized is the economic fact. Although the hope of profits was a major stimulant to innovation, there was also other pre-requisites technical knowledge which could be utilized. Entrepreneurs recognize the opportunities and respond to them by having adequate ability for the introduction of new techniques²⁷.

Talking on the Invention and Innovation Dr.Anji Reddy states the 'invention' and 'innovation' represent the core values that determine the long term success of any organization. As he further says about the distinction between *invention* and *innovation*, an '*invention*' is the actual idea for a new product or method while *innovation* is the translation of the idea in to practice'. Thus in the business sense it is the innovator who makes things happen²⁸. He is the entrepreneur who champions the idea and brings it to

²⁶.Ibid.PP-132.

²⁷.Ibid.PP-132.

²⁸. Dr. K.Anji Reddy: *Invention, Innovation and the creation of wealth*, Prof.N. R. Kamath Memorial Lecture, Indian Chemical Engineering Congress 1996, December 18-21, 1996 Ankleswar, Gujarat. PP-1-9).

the market place. Without him inventions will remain dry and useless things. He further says that innovation is a trait of successful organization.

In contrast with the above said views *Max Weber* is different with his own perception in the traditional dimension that the influence of environment and belief systems on individuals and entrepreneurial energies were generated by religious belief. Too much stress on obedience develops entrepreneurial qualities. The main factor contributing to entrepreneurship in Europe was the protestant ethics²⁹.

In the economic point of view Leibenstein's X-efficiency Idea is an extremely simple one that the effective use of inputs leads to greater out put. Suppose the certain inputs have been allocated to a firm these inputs can be used with various degrees of effectiveness within the firm. The more effectively they are used the greater the output, when an input is not used effectively the difference between the actual output and the maximum output attributable to that input is a measure of the degree of x-efficiency. Leibenstein has identified two broad types of entrepreneurship. 1. The routine entrepreneurship which is really a type of management and 2. The Innovational entrepreneurship. By routine entrepreneurship we mean the activities involved in coordinating and carrying on a well established, grow concern in which the parts of the production function in use are well known for a firm which operates in well established and clearly defined markets. By innovational entrepreneurship we mean the activities necessary to create an enterprise where not all the markets are well established or clearly defined and/ or in which the relevant parts of the production are not completely

²⁹. *CENCEE Web Teams* : Charles Outcast, the Notion of Entrepreneurship, Historical and Emerging useful sponsored by, The Ewing Marion Kauffman Foundation Maintainer:

known. In both the routine and the innovation cases, the entrepreneur co ordinates activities that involve different markets and he is an inter mark operator³⁰.

Leibenstein's 'x' efficiency theory was originally developed for the purpose, to analyze the role of the entrepreneur and to explain why growth rates differ in different countries, and why growth rates differ in the same country at different periods. Secondly this theory shows that a firm will achieve maximum efficiency when the firm minimizes efficiency as the firm minimizes costs, which is to say when x-efficiency is equal to zero³¹.

David McClelland studied this concept in a psychological point of view. According to him the "N Ach" is the driving force for the birth of leaders and the economic growth³². Among the psychological theories, *David McClelland* in his book *the Achieving Society* has established that the achievement motive contributes largely to entrepreneurship and he developed an achievement motivation theory which can be used to explain entrepreneurial behavior. He says that the development depends on vigorous activities of a number of individuals who behave in an entrepreneurial fashion³³. If substantial economic development is to occur in poor countries, the number of individuals with the entrepreneurial motivational complex particularly with high achievement will have to be significantly increased³⁴.

McClelland's *The Achieving Society* (1961) contends that a particular human motive with the need for achievement promotes entrepreneurship which in turn is a key

³⁰. Harvey Leibenstein: *General X- Efficiency Theory and Economic Development*, (oxford University Press, London, Toronto, 1978. PP-17).

³¹. Ibid.PP-17.

³². David C. McClelland and David G. Winter: *Motivating Economic Achievement, Accelerating Economic development through psychological training*, (The Free Press, New York, Collier-Macmillan Limited, London.1971, PP-6)

³³.Ibid.PP-6

³⁴.Ibid,PP-6

to economic growth. Moreover a society with a generally high need for achievement or 'Urge to improve' produces more energetic entrepreneurs who in turn bring about more rapid economic development the importance of the pioneering studies of McClelland said that the wide spread use of achievement motivation in training programmes seeks to engender entrepreneurs and managers in poor countries. It means thoughts of people deal constantly with doing something better they will, by definition score higher in achievement³⁵. The theory of achievement motivation predicts that it is precisely those with high "n Achievement" who are sensitive to changes in economic opportunities , the high "n achievement leads to more enterprising behavior, where as those with low "n achievement" are not. Those with high "n achievement" are responsive to the economic stimuli and they find the ways of making a better living at various levels and the motivational levels make a big difference in all the ways in getting opportunities, per say the success rate depends up on the motivational levels.³⁶

The Individuals with high "n Ach" shows that in general they behave like successful, rationalizing, business entrepreneurs. They set moderate difficult goals for themselves, neither too easy nor too hard and maximize the likelihood of achievement satisfaction. They are more than normally interested in concrete feedback on how well they are doing. They like assuming personal responsibility for solving problems, because in that way they can get a sense of achievement satisfaction from completing the task, where as they can not if success depends on luck or circumstances beyond their control they show more initiative and exploratory behavior continually researching the environment to find tasks that they can solve their satisfaction. So it was predicted

³⁵.Ibid.PP-6.

³⁶.Ibid. PP-7.

that entrepreneurial business executives should universally score higher in “achievement” than professionals with similar social and educational background³⁷.

D.V. Manohar a multi faceted entrepreneur from Hyderabad who gone through many difficulties and bagged many achievements in his entrepreneurial journey express that the entrepreneurial bug and the perseverance are the main ingredients for his achievements³⁸. He also some what accepts the “Achievement” is a key ingredient in the development of entrepreneurship.

But there is a need that entrepreneurship is to be understood in the context of the prevailing environment of that particular country. In Japan entrepreneurship implies abilities to multiply capital. In industrially advanced countries entrepreneurship is associated with innovation. In India entrepreneurship allied with the tradition. In the modern sense entrepreneurs mean inspired individuals who create new ventures that solve problems or create new opportunities.

The above discussed theories may very well suitable for well advanced countries and is less likely to be appropriate in India. There is substantial limitation on resources availability in India. *McClelland* high motivation associated with a competitive spirit may be appropriate when an individual can control his activity but not where he faces substantial restraints on decision making. In India apprehensions should be faced from public and bureaucratic economic decision making.

One should not minimize the traditional constraints in Indian business. The communal and family nexus are important in development of entrepreneurship. The extended family is the basic unit for individual identification and orientation and

³⁷.Ibid. PP-11.

³⁸.Manohar.D.V. (see appendix -1 for detailed discussion)

frequently for business ventures. Through *McClelland* theory of ‘individual achievement and motivation’ we can not explain the Indian entrepreneurial behavior. For a large proportion of firms in India, the basic unit of entrepreneurship is the extended family.

There are many traditional aspects need to be analyzed with reference to Indian society. For instance a person is granted credit as a member of a particular *Jati* or family rather than as an individual in most of the villages India. It develops a kind of relationship between creditor and debtor takes on a ‘*Jajmani*’ like character or semi permanent patron, client relationship in which the creditor provides virtually unconditional access to credit for goods and services for the customer in return for the customers continuous loyalty and patronage.

Social divisions and caste implications had prescribed the occupations of certain communities from the generations.

The modern and the post-modern periods are seems to be witnessed in shaping the features and characteristics of entrepreneurship. It is true that India made a transition from agriculture to an industrial economy further to service sector during post independent period. Recently our entrepreneurs and their undertakings are underwent a great deal of modifications as a result of their interactions with the global companies. Indian businessman

D V Manohar, Chairman, Sri Shakti Group of Industries, Hyderabad

D V Prasad Reddy, Vice Chairman and CEO, Dr. Reddy’s Lab’s

Murthy Gorle, Vice President Pearls Distillery UB Group

Pawan Lakhota, Executive Director, Pawan Power & Telecom Ltd.

Lagadapati Rajagopal, MP, Chairman Lanco Group of Industries

Prof. Ramakrishna, Dean, NIMS, Hyderabad

Dr Yadhaiah, Samatha Nursing Home, Hyderabad

Samatha Reddy CEO, B2B Technologies, Hyderabad

See appendix -1 for the Perceptions of the above succesful entrepreneurs of Hyderabad.

also started following in western foot steps and began to spread their tentacles across the world. Interaction between Indian and western business became a critical factor in the recent past. Though the existing business opportunities have already been pre-occupied by some mercantile classes the new business class from land owning rural gentry, professionals and first generation entrepreneurs making their sway in Hyderabad business. It could be understood by knowing their social outlook and perceptions that have been redefining the entrepreneurship³⁹.

At the same time it can not be denied the implications of state regulations and the political connections of entrepreneurs in the scenario of the Indian business which has been generating considerable attention in recent years. It has been noticed that the political connections can help a business by getting access to scarce resources and manipulating favorable regulations to improve profitability and to reduce the risk.

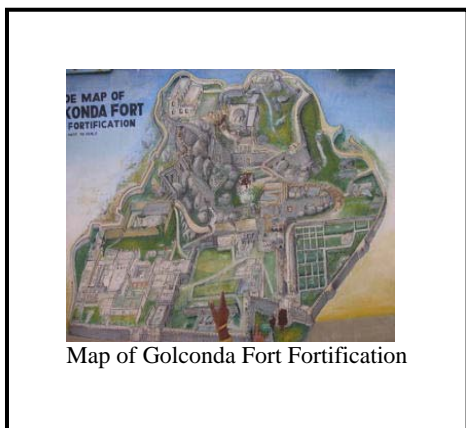
III

This part of the study focus on the general transformation of the city from merchandise to industrial business, business communities and their settlements and British impact keeping in view of the historical background of the city since it is necessary to know the long term trends of the Hyderabad business.

The city Hyderabad is historically known as the city of *pearls, lakes*. The *Laad Bazaar* was an important market for *pearls* and *Jewellery*. Now also there are many stores at *Laad bazaar* situated near Charminar. Ornaments made with rice pearls used to buy from *Char Kaman* or the General bazaar market. Products such as silverware, saris, nirmal, kalamkari paintings, artifacts, unique *Bidri* handcrafted items, lacquer bangles

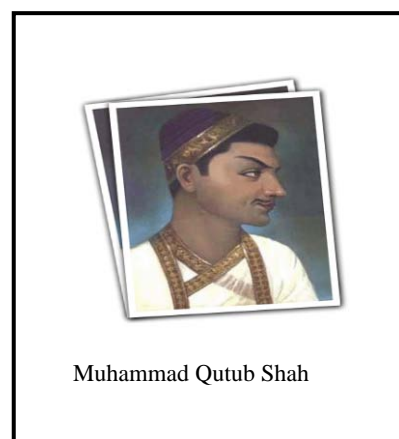
³⁹. See the Appendix - 1 for the detailed Interviews, profiles and experiences of the eminent business People of Hyderabad are covered in this work.

studded with stones, silk-ware, cotton-ware and handloom-based clothing materials were made and traded through the city for centuries.



The city Hyderabad was founded by Muhammad Qutub Shah in 999 A.H / 1591 A.D. It was a walled city as Golconda was its capital and was very congested. The sultan expected a highly ambitious plan that would be the model of paradise itself and made unequalled the world for the proposed city of Hyderabad. The Qutub Shahi rulers took appropriate measures of the administrative, economics and socio-cultural aspects of the city development. These measures led to a very healthy growth of the new capital as a multifunctional city and encouraged the climate for the growth of the composite culture and the characteristics of the city even today, not only in the urban but the rural areas too⁴⁰

It was also developed as multifunctional city combined in its administrative, economic (Both commerce and trade), industrial, religions, educational functions. The growth of the city was magnificent immediately after its foundation in term of its population, physical expansion i.e. size and area and in economic activities, in responding to its own needs and those of the surrounding region. It



attracted businessman and migrants from far and wide of different professions and diversified character that promoted business of Hyderabad in splendid manner.

⁴⁰. Seshan K.S.S. (Etd) Hyderabad – 4000, Saga of a Cities, Association of British Scholars, Andhra Pradesh Chapter Hyderabad – 1993 – PP.59-60.

The Qutub Shahi rulers patronized the local trade, handy crafts, industries and the merchandise from the Coastal region of Deccan, Gulf countries and Persia. Abbe Carre and Marti, the two French travelers who visited the city of Hyderabad in 1673 were highly impressed and praised the city as ‘The centre of all trade in the past the city was carried on by merchants of many nationalities without any restriction’. Abbe Carre describes himself as almost lost in the crowd as he has never witnessed such magnitude of population⁴¹.

During the initial days the telugu merchants formed a very substantial part of the trade and offered tough competition with Persian traders who were trying to monopolize the trade in the walled city. Later in the colonial period many European companies were also encouraged to start their factories in the coastal regions and at the part of Masulipatnam which soon became an important trading centre for imports and exports for the city of Hyderabad⁴².

The Hyderabad in nature positioned in a strategic place. It was well connected with Surat, Goa, Bijapur, Malabar Coast, Masulipatnam and other important trading routs. The city also catered the needs of regional, national and international markets of different variety of commodities. The city soon became a collecting and distributing centre of goods to the north and the south of the country especially for high value merchandise drawing numerous brokers and merchants.

41. Ibid. PP-59-60.

42. Seshan.K.S.S.Op.cit.PP.59-60.

Kutub Shahies state was well known for diamond mines, Gold, Silver business. The places like *karwan* and *Puranapul* were well important business centers for



Diamonds and Pearls etc in those days. Marwari's and Jain's communities involved in the fort business. Later they extended their business to *Karwan*, *Puranapul*. There is a saying that they sold pearls, gems as how the vegetable sold in the vegetable markets⁴³.

Actually, Hyderabad was to suffer more invasions both were said to be for political reasons but it is generally agreed that the main motivation in each case was greed. 'The object of the greed for diamonds'. By the 1600s the city was internationally renowned as a centre of culture. It soon became even more renowned for its wealth and Luxury and in particular its legendary diamonds.

As far back 500 BC Indian diamonds were very famous and were exported to Persia. The interesting thing was the principle mines gold and diamonds were neither at Hyderabad nor in Golkonda but in the south, mainly around Kollar and the Kishna basins. French diamond merchant Tavernier in 1645 recorded that there were six thousand workers employed. From those diggings came such diamond Kohinoor. These earned to ensure success and workers sacrificed goats at the opening of each war shaft⁴⁴.

The Golkonda fort became the Diamond centre of Asia. The gems were cut and polished and sold to the world merchants. The street Infact became so legendary;

43.Lokashwar: *Salaam Hyderabad (Telanga Navala)* Gandhi Publications, Hyderabad 2005.

44.Austin Ian. 1992. *City of Legends [The story of Hyderabad]* India, Viking. PP- 48-51.

Tavernier elaborately described it as being covered with rich Persians carpets. The Kohinoor a legend in its own right has been called the most brilliant, the most dazzling and the most precious diamond in the world it was also regarded as “The king of diamonds” and the “Diamond of Kings”. It was lucky for women to wear it unlucky for men. The diamond was probably found in one of the mines at Kollar about 1656. yet the legends about the worlds most famous gem begin in prehistory, when gods ruled the Ancient Hindu Kingdoms and India was know even then as the home of diamond mines⁴⁵.

In 1687 the kingdom of Golconda was occupied by Aurangzeb. But he could not consolidate his conquests of the Deccan as he was busy fighting with the Marathas. As a result, the administration became slack and there was no law and order. The death of Aurangzeb in 1707 has lead to the disintegration of the Mughal Empire. Further the confusion developed in the empire that followed the collapse of the countries economy. These developments acknowledged a great set back for the Mughal Emperor in the city.

Chin Qulich Khan became the Subedhar of the Deccan in 1724. He was the first king of Nizam, along with him many Kayasta people migrated as employees to Aurangabad and Hyderabad, later these people accommodated as Paskharas (Finance Minister) and Diwans (Prime Ministers). Maharaj Chnadu Lal, Maharaj Kishan Prashad was the prominent among them. Their population increased in later days and played a significant role in Hyderabad history⁴⁶.

45.Ibid.PP.48-51.

46.Lokeshwar: Op.Cit.

Communities

In A.D. 1763 the capital was re-shifted to Hyderabad by Nawab Mir Nizam Ali Khan Asafjah II, the city got a new lease of life and it entered a second phase of economic cultural development, mounting into a great cosmopolitan city that it is at present. The City population contains different communities of different faiths, like the Arabs, Pathans, Rohillas, Sikhs, Rajputs, Kayasts, Marwaris, Bawahirs, Gujaratis, Maharashtri-ans and Christians, besides the native population of Hindus and Muslims. Most of these communities who did not have their roots in the local soil must have come to the city with the shifting of the Deccan's capital to Hyderabad from Aurangabad in the 18th Century⁴⁷. With the exception of Marwaris, Bawahirs and Gujaraties who are chiefly traders, others seem to have come in to the city as members serving in the military forces under the Nizam-I. In due course, all of them settled down undyingly in the city and became an integral part of the city's population⁴⁸. Significantly there were many people came for business among them Marwari's, Agarwal's, Jain's, Parsees, Kutch Muslims, and Bohra muslims were very important. Because of droughts and famines and foreign invasions, many Rajasthan and Gujarat people also migrated and settled in.

The major financial communities of Hyderabad, except for the telugu- speaking Komaties were not indigenous and had moved in to the Deccan over a long period of time. Marwari's, Agarwals, Jains and Goswamis came from western and northern India to Hyderabad in the eighteenth and early 19th centuries. Many came first as merchants, dealing in shawls or jewels, and then took up money lending and banking. Caste fellows

47.Chandraiah, K: *Hyderabad 400 Glorious Years*, (Hyderabad; Information and Public Relations, Government of Andhra Pradesh, 1996, p-223).

48.Ibid.PP-223.

settled in the same areas of the city and followed the life style characteristic of their castes. In business matters, members of these financial communities acted as individuals, dealing with many nobles and often with the Nizam's household too. The resources and policies of members of the financial community became increasingly important in the early 19th century, a time of great financial difficulty for Hyderabad⁴⁹.

The city's population has certain elements like the concentration of a community of prostitutes and nauchs who too seem to have grown in numbers and contributed to the multicolored culture of the city. The different-communities had varying backgrounds of culture, religion and language and it is but natural to expect that initially each of the communities should have chosen its own occupations merely to preserve their social and "cultural identity. It is thus possible to demarcate certain 'cultural zones' geographically in the city, in each of which, a particular group predominates and gives the zone a somewhat distinct character⁵⁰. There are other sections of the peoples migrated to Hyderabad were Bengali's settled in administrative jobs and as layers. Tamils settled in Railways jobs mostly in the Secunderabad area. Other than these communities Rohillas came from RohilKhand Bondileelu from Madhya Pradesh Bundelkhand and Parsees were small number in Hyderabad⁵¹ Census reports roughly identified 14 localities representing different cultural zones of the city. These are as shown below:

The end of Asaf Jahi Nizam ruling from Golconda witnessed the shift of business from Golconda to Charminar, *Guljar House*, *Pattar Gatto* and Opened new shops. In later days when new Andhra Pradesh formed again there people shifted their

49. Karen Leonard: The Hyderabad Political System and its Participants, *The Journal of Asian Studies*, Vol.30.No.3 (May.1971), pp-574. Published by: Association for Asian Studies, Stable URL: <http://www.jstor.org/stable/2052461>, Accessed; 02/02/2009 08:49.)

50. Chandraiah, K. Op.Cit.PP-223.

51. Lokashwar: Op.Cit.

business activities shifted to new cities like Koti, Abids, Ameerpet and constructed shopping Malls, Shopping complexes and started living in estates, enclaves etc. After partition of India, Punjabi Sikhs, migrated to Hyderabad and settled down in doing various businesses and established their business in various fields. The Karachi Bakery, Dunlop tyres of Nampally were the best instances of their business establishments. Moreover they have done attractive business with Punjabi Dabhas⁵².

All the time it is well known fact that the state has an ample power over the business. But it can not be denied that there are many social groups involved in Indian business since the ages. There are some castes groups identified with business in Hindu social division. Jains and Vaishnava Banias in the West, Khattris in the North – West, Jains and Agarwal Banias in the north -east and Chettier and Komattis in the south. Most of the Muslim traders were centered in the Sindh – Gujarat region. Belonging to three major groups – Bohra, Khojas and Memons – They were converts from Hindu trading casts and still retain some of their pre- conversion customs and practices, including usury. The Parsees, who would later emerged prominently on the Indian business scene, were at this time primarily agricultural communities Rajasthan traders, who would soon spread their tentacles into various parts of India and be collectively called Marwaries were still confined by and large to their homeland and its neighborhood⁵³.

When it comes to Hyderabad the migrated social groups played a significant role in the business since its beginning. In later days Nizam administrative people have their own control over the business. The Nizam administrative people were mostly

52. Lokashwar: Op.Cit.

53. Dwijendra Tripathi, Jyoti Juman: *The concise oxford History of Indian Business*, Oxford University Press. New Delhi, 2008. -PP.7-8.

concentrated on the industrial business with their surplus amount of money since the advent of the technology in the princely state.

The Banjara business man does not easily fit in to social set up. They comprised of a groups of tribes known collectively as Banjaras. They dealt mainly in grains and moved from place to place, carrying their merchandise and personal effects on oxen and living in coups. They moved in caravans and their customers consisted of rural folk. At the turn of 18th century however the Banjara business was on the decline⁵⁴. Moreover the Banjara Gypsies one of the more up – markets suburbs in Modern Hyderabad in Banjara hills, a prestigious address for some of the cities leaders of society, including businessman and film stars.

The Banjaras according to legend left their home in distant Rajastan to becoming wandering gypsies, following the fortunes of warring armies they subsisted through commerce, supplying. The forces with grain, or acting as spies for them or for the enemy or both. The men learn and muscular, were renowned for their daring deeds, typical of fearless – Rajastan warriors and today campfire songs are still sung about their. Around the 1600s, battles became few and far between. The Banjara Gypsies, although originally tribal nomads, settled in various part of the Deccan a Strong contingent established camps among the rugged hills just worth of Golkonda. Which now bears its names there they turned their hand to more permanent, commercial pursuits. The Banjara Gypsies are still one of the pleasant sights of the old Hyderabad and can be seen in the fruit and vegetable markets around the eastern arch of the CharKaman⁵⁵.

54. Austin Ian. *City of Legends* [The Story of Hyderabad] India, Viking. 1992. PP.48-51.

55. Austin Ian. *City of Legends* [The Story of Hyderabad] India, Viking. 1992. PP.48-51.

18th century

18th century was a significant transition phase in the Indian history. This period witnessed the downfall of the Mughal Empire and the intrusion of the imperial power which created uncertain conditions. Taking the advantages of the uncertain political and economic conditions prevailed many individual businessmen maintained close relations with imperial administration. Local Nawabs, Marchants and Bankers played a major role in the 18th century business activities. There was no legal frame work governing the course of business existed, there was no contract law, and nothing prevented the Government from curbing the freedom of enterprise at will. It was not uncommon for highly placed functionaries of the Government to indulge in business activities of their own and on many occasions in the latter held of the seventeenth century some provincial governor, taking advantage of their official position, brought the whole trade in certain commodities under their personal monopoly.

Merchants and bankers became almost essential for the functioning of the new regimes that arose on the ruins of the empire in various parts of the subcontinent. The Nawabs of Bengal and Oudh in the east and north, the Sikhs in the Northwest, the Marathas in the west and the Nizam in the South to mention only the most prominent ones⁵⁶. Most of the successor states lacked the financial solvency of the Great Mughals. The financial might of the empire went in to the hands of the rich merchants. They could advance money to the state in exchange for the right to collect land revenue from

56.Tripati. Op.cit. P.P. 11.

specified areas. Most of the successor state reported to this system known as Potedari, to tackle their finance problems⁵⁷.

The state of Hyderabad in the south presents yet another example of the Shifting loyalties of Indian merchant princes. The banking communication had remained among the most trusted allied of the successive Nizam ever since the foundation of the Kingdom is 1724. Whenever the state need money, it turned to the Sahukars who wrap obliged with loans. This pattern remained norms or less undisturbed almost up to the end of the eighteenth century. But after the company established its supremacy in that part of the country the Sahukars refused to advance any money to the Nizam except through the English agency house of Palmer and Co., which enjoyed the patronage of the company government. The Nizam government had to pledge the hand revenue of several villages in repayment of these debts⁵⁸

Even in the first half of the 19th century there was no specific change in the economic condition. Throughout the first half of the 19th century the finances of the Hyderabad state were in a precarious condition. The reasons were first there was no budget. The state rulers were unaware of the state income and expenditure. There was no central treasury for many years. Lastly number of state administrative officers swallowed the revenue. As a result the government was put to chronic financial embarrassment. The entry of the European financial companies carefully utilized this pathetic situation of the Hyderabad state.

One of the major beneficiaries from the Nizam was the Palmer and Company. This company established by William Palmer. He was the son of Gen. Palmer, resident at the court of Peshwa at Poona and Muslim Lady, a Bagum of Lucknow. He came to

57. Ibid. P.P. 11.

58. Ibid-pp-17.

Hyderabad in 1799 and entered the Nizam's military service in 1812 and started mercantile firm of Plamer and Company. With the commencement of the banking operations by the firm, the plunder of the Nizam began. Government borrowed money from this firm at 25 percent interest. In this way the company made huge profits. In 1820 Sir Charles Metcalfe came to Hyderabad seen the pathetic situation of the Nizam, played a politics against the Palmer and Company. With in a year Palmer and Company became bankrupt. William Palmer died in 1867 at Hyderabad at the age of 87.⁵⁹

Industrial Business

From the middle of the 19th century there was a tremendous transformation could be seen in the development of Hyderabad business. Despite of many hurdles there were many factors helped to transform the Hyderabad business. The Nizam encouraged the establishment of many factories in and around of the Hyderabad. Since the beginning of the Asaf Jahi dynasty (in1724,) industrial growth slowly declined and became low owing to wars and lack of direction from the state, as well as the European intervention.

The advent of the British rule in India brought many changes in the princely state of Hyderabad business. One side Hyderabad state faced severe competition from the British and Imports declined by the middle of the 19th century. The technology introduced in all the spheres of production. New industries were established on the other side which minimized the local industries importance. Since the private enterprise and finance very scarce, units of industries could be established only with the patronage of the rulers.

59. Raghunadha Rao. P. *History of Modern Andhra*, Sterling Publishers Private Limited, 2003, New Delhi.pp- 41-42.

After 1860s some efforts were made by the British to develop infrastructural industries like Railways, roads, telephones, and other communication power. Market base industries like coal, mining, cotton and textiles, agro-based industries, ceramic, chemical, metallic based industries were started⁶⁰. More so the feudal aristocratic background, lack of both in resource and managerial talent, non-existence of banking and insurance companies were the major apprehensions for the development of the private enterprises⁶¹.

There was a significant reason that how Hyderabad became focal point for the business was that the rural areas were not only provided employment to the vast majority and fulfilled the needs of the local needs as a whole in earlier phases. Most of these once – celebrated industries suffered a setback and the condition of artisans became miserable. The different handicrafts were unable to face competition from the machine made goods and a large number of artisans were thrown out of employment. No new industries were established to absorb them in rural areas.

The significant development could be seen in Hyderabad that the administrative people turned in to good entrepreneurs the process of real urbanization speeded up with establishment massive factories in multiple areas of production. Many artisans left the country to seek employment elsewhere. Many industries have developed in the urban areas of the state especially in the Hyderabad city. The area of business and Industries have shifted from local traditional to modern which, particularly developed in the urban areas were of diamond cutting and polishing, leather, glass, ice, sugar, paper, perfume, shawls and the most important one, of arms and ammunition. The latter caused a great enhancing of the Hyderabad business from local to outer with massive ability.

60. Vaikuntham Y. State: *Economy and Social Transformation Hyderabad State (1724-1948]*, Manohar, New Delhi, 2002. P-116.

61. Upadhyaya .K.S. Op.Cit, P-109.

The chief industries which developed in and around the city were the precious stones in the eastern part of the State were brought TO Hyderabad and Golconda for cutting and polishing. Gradually, this industry decayed and the art of cutting and polishing diamonds and sapphires disappeared completely from Hyderabad. As described later, the prospecting operations for diamonds in the State, where the world famous *Koh-i-Noor* diamond is found, proved fruitless. Because of the discontinuation of these operations, the industry slowly decayed⁶².

The advent of technology encouraged many rich noble people to keep their surplus capital into industrial business, mostly the administrative people were attracted in to this area established many factories turned entrepreneurs that Sir Asman Jah had started a shawl factory at Golconda. The important aspect of opening of this factory was the orphan boys were trained in shawl-weaving. Excellent workers were appointed for the purpose of training the orphans. The number of teachers and students in this factory rose to 14 to 60 respectively. The monthly salary paid to the teacher was Rs.30 and stipend to the boys was Rs.3 to 4 per month. In a short period, they were able to turn out a superior quality of shawls and *jam-awar* (brocade) similar to those from Kashmir and Ludhiana. Shawls, Doshawls and turbans were the chief products of this factory. It ran only for seven years. With the retirement of Sir Asman Jah who had started this factory, it closed down⁶³.

The establishment of large- scale industries started after 1870. The Singarani Coal Mines were founded in 1870. The Hyderabad spinning and weaving company was the large-scale company to establish a factory in 1874 at Hyderabad. Two cotton mills at Gulbarga and Aurangabad were opened in 1884 and 1888 respectively. The state

62. Sheela Raj: *Medievalism to Modernism; Socio Economic and Cultural History of Hyderabad 1869-1911*, Published by Sangam books limited, London. 1987.pp-190-193. (AP State Archives).PP.190)

63.Ibid. pp-190-191.

provided not only some form of protection to indigenous capital but also market, and in some cases, finances. In Hyderabad, the state established infrastructural facilities, owned or financed a substantial number of industrial enterprises, pursued a suitable technology policy and, generally, encouraged industrial development⁶⁴.

In the year 1877 Bansi Raja established an industrial unit at Balapur, near *Chinarai Gutta* (Suburb of Hyderabad City). This paper was manufactured by a steam machine. This paper was used by the Government of the Nizam for official purposes and was freely available in the market. It was of good quality and durable. Besides plain white paper, stamp paper was also manufactured by this factory. Later, imported foreign paper sold at lower-rates affected the production of the factors and tin manufactured locally remained unsold, finally, the factory closed in 1881⁶⁵.

A number of Ice factories were opened in Hyderabad City but could not survive long because of financial difficulties. The Golconda Ice Factory was opened by Mr. Simson. Another by Shahpurji Edulji Chinoy ran only for a very short period⁶⁶. A sugar factory was opened by Abdul Razak and company at Narayanguda with a capital of Rs.30lakhs in 1901 in Hyderabad city. Fine – quality sugar was manufactured here and proved to be excellent when compared with imported sugar from Bombay⁶⁷.

The leather work was carried on in the city karkhana where leather; boots for the regiments were manufactured. However, much fault was found with these boots. Their price was only *Halli Sicca* rupees two and *Annas* eight. Later, it was raised to rupees three, depending on, the quality of the material and the-workmanship. Another leather manufacturing unit was run by Raja Girdhari Pershad and was situated in

64.Y. VaiKuntham. State, Economy and Social Transformation Hyderabad State (1724-1948], Manohar, New Delhi.P-116.

65.Sheela raj.Op.cit.pp-191.

66.Ibid.PP-191.

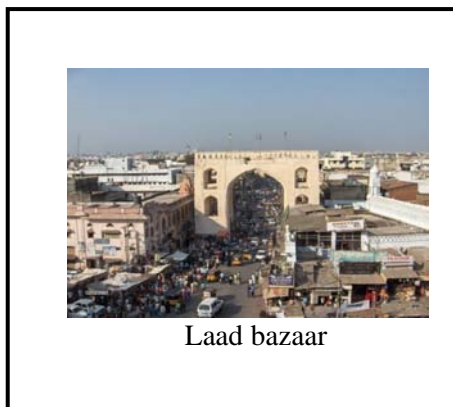
67.Ibid.PP-192.

another part of the City which supplied the necessary requirements for the regiment⁶⁸.

Hyderabad was famous for its Perfumes throughout India, particularly for a special brand, *kewra*. The industry did not last, long because foreign scents being

imported. *Kewra* was replaced by the freely available foreign lavender and scents⁶⁹.

Hyderabad City also was noted for its *mica* goods such as lanterns, passes and decorative articles both plain and coloured. Besides these, *Tazias* of the highest quality were prepared at the time of Muharrum.



Laad bazaar

Lac bangles manufactured in Hyderabad city were well known. They were tastefully decorated with gold and silver work. These bangles were in great demand during the nineteenth century in England. Plamer and Company were the chief distributors in Europe and bangles worth Rs.1, lakh were sold in European markets annually. Due to the demand for European bangles, this industry later suffered a setback. The decline of the industry left many people unemployed. Some kinds of bangles known as Meenakari, Zamarudi, Yaqooti and Marwaridi cost Rs.30 a pair. Expensive bangles were manufactured only on demand. Glass bangles have been a favourite among women in India from times immemorial and had deep religious significance for the people⁷⁰.



Bangles at the store

Hyderabad has dedicated an entire street in the heart of the city to the bangle industry

68.Ibid.PP-190-191.

69.Ibid.PP-191.

70.Ibid.p-192.

was called *Lad Bazaar*, the most fabulous bangle bazaar in country. Typical Hyderabad is bangles were the dazzling stone bangles which were favorites of women all over the country. This industry dates back to the seventeen century. Beaded bangles are said to have originated in Rajasthan and later moved to Hyderabad⁷¹. More so the Hyderabad city was also noted for its gorgeous gold – embroidered velvets, which were used for canopies, costly state umbrellas of great dignity, elephant cloth, horse cloth and state housings and caparisons. The other noted work of the City was the net embroidered with silk or with old and silk⁷².

A sugar factory was opened by Abdul Razak and company at Narayanaguda with a capital of Rs.30 Lakhs in 1901 in Hyderabad city. Fine qualities sugar was manufactured here and proved to be excellent when compared with important sugar from Bombay⁷³. Singareni coal continued to be in good demand and was sold in the Bombay and Madras as well as to the different railway companies within reach the coal field worked at a hand source profit⁷⁴. The Hyderabad Deccan mining company received a lease of Sasti and Pawni coal mines beginning work there earlier in 1908. The same company worked for the Singareni Collieries which increased by nearly 30,000 tons. Seven thousand and forty seven coolies were employed at the mine⁷⁵.

The entrepreneurship developed also in the area of Arms and Ammunition production. There were many successful entrepreneurs who showed their interest and got succeeded. The easy availability of arms and ammunition was a sign of the existence of arms factories in the City. The existence of such factory was known to her Majesty at London, the British Indian Government, as well as to the local people of

71. Ibid,p-192.

72. Ibid,p-190-191.

73. Chandraiah. K.. Op.cit. P – 240.

74. Ibid– PP. 240

75. Ibid– pp – 240

Hyderabad city. The presence of an arsenal factory at Hyderabad, however, was a cause of great anxiety to the British Government. First of all, the arms factory of Raja Girdhari Pershad was made a target for attack⁷⁶.

There was no place in India where it was easier to get together a collection of Armour and weapons during the later half of the nineteenth century than in Hyderabad City. The service of the Nizam had for a long time attracted the war – like Musalmans of India and central Asia who has brought their weapons with them. Every kind of shield, sword, knife, dagger, Matchlock, spear, battle – axe, pistol, helmet and breast plate – engraved, damascened, sculpted or jeweled – were available in the city market⁷⁷.

The city workshop known as Madarasa-i-Sanai or Industrial School was established by Bansi Raja, who has the monopoly of almost all the supplies for the army (including the reformed troops) and the police. He used to supply all their accoutrements and powder and ammunition. The following items were manufactured in this workshop⁷⁸. A gun factory was set up at Balapur in 1868 by Bansi Raja. The guns manufactured here were inspected by the Resident and by Sir Salar Jung. In 1870, Bansi Raja set up another factory for the manufacture of gun-powder at Chanderghat in the city.

During 1875, Moulvi Mahmod established the karkhana known as Dar-ul-Sanai at Khanipura in the city where guns and small cannon were manufactured as samples. This workshop was inspected by the then Resident. After four years, the Karkhana was closed. This happened in 1879 after visit by Col. Fraser, probably, the British Government pressurized the Hyderabad Government for its closure⁷⁹.

76.Sheela raj. Op.cit.p-193

77.Ibid, p-192

78.Ibid, p-193.

79.Sheela Raj. Op.Cit, PP-192.

The fire arms turned out in this workshop for the regular troops were smooth – bore precision muskets and muzzle loading ones. Swords were manufactured for the four cavalry regiments of the Regular Troops and were in used after the favorable report of a committee of officers. For the three Lancers Regiments, Lance Heads were also turned out in this workshop on a given pattern. They were very good and had proved serviceable. Carbines and pistols were also manufactured in this workshop. There used to be a committee of officers who, when samples were submitted, passed them only after careful examination.

To conclude the Hyderabad business could be traced back from Qutub Shahi period and business was well flourished at Golconda in this period. Though the business declined in the first half of the 18th century it has got tremendous strength from the Nizam period onwards. Hyderabad provided favorable conditions for the settlements of deferent migrated communities and lead to form a multicultural composition of the settled many communities in the city in the course of the history. The settlements of the migrated communities and the local native people's necessities and the encouragement of the Nizam state were the major reasons for the development of the Hyderabad business. The strategic locations laid foundation for the market centers in the Hyderabad. There were many business enterprises and their business organizations came into limelight in this period and got tremendous encouragement. The entry of the British business in the Nizam dominion promoted the capital mobility and introduced technology which gave a new shape to the Hyderabad business. The business shifted from traditional money lending; trading to industrial business and gave opportunities for new entrepreneurs and laid foundations for the modern business.

CHAPTER – II

ENTREPRENEURSHIP IN HYDERABAD DURING INTER-WAR PERIOD

This chapter focuses on the predominant transformation of interwar period which played a crucial role in promoting industrial business in Hyderabad. The inter-war period created a dramatically new situation in India. British mills became busy with the war production to meet the needs of the army resulted in declining the imports from the Manchester to India and adversely effected the economy of British which crumbled after the war. The business on cotton cloth from Britain fell dramatically within the colonies; local industrialists gradually consolidated their position, it promoted and gave confidence for the Indian entrepreneurs by substituting the foreign manufacturers and captured the home markets.

India was one of the biggest colonial states and has a vast home market to supply for mill products. As the war prolonged, the Indian factories were called up on to supply war needs; jute bags, cloths for army uniforms, tents and leather boots, leather requirements for horse and mule a saddles and a host of other items. New factories were set up and old ones ran multiplied shifts. A series of changes affected the pattern of industrialization. As the Swadeshi movement gathered momentum nationalists mobilized people to Boy-Cott foreign cloth. Industrial groups organized themselves to protect their collective interests.

Moreover the inter-war period had already created an extremely favorable environment for the Indian business and industry. As the war disrupted imports, the domestic demand for Indian goods went up. This naturally pushed up the energy requirements of the Bombay mills. The Tatas responded by expanding their

hydroelectric system. As a part of a well thought out perspective plan, two more companies Andhra valley power Supply Company and TATA Power Company came up in quick succession¹.

The similar and favorable conditions for the speedy development of the business were also echoed in Hyderabad state. Apart from other areas of business, majorly entrepreneurs flooded in to the area of cotton textiles, tobacco, textiles, and Airways business. This period also witnessed for the establishment of ITF, further it initiated to strengthen the Hyderabad Stock exchange. Many regulated markets played a significant role in local markets.

During the first quarter of the 20th century especially from 1903 to 1906, there were four ice factories, one flour mill, one tile factory, one Sugar Factory (later closed) established. During the years 1910 to 1912 two distilleries one Soda factory and one Iron foundry were added. In 1912-13 one aerated water and ice factory was established. There was a support in the number of factories established during the year 1913-14 due to extra ordinary prosperity of the year. In the later period a soap factory was established in the government sector. By 1924-25 out of the 507 factories requiring inspection 121 were in Hyderabad city and of these 116 mills such as rice and flour mills, Dall mills worked by electricity. In 1928, a small timber seasoning plant at mint workshop was started. At the end of 1928, Hyderabad city had 156 such factories various other industries owned by the state and private companies and individuals also flourished². There strong reason for this speedy development of business was the state

¹. Dwijendra Tripathi, Jyoti Juman: *The concise oxford History of Indian Business*, (Oxford University Press. New Delhi. 2008, PP-84).

². History of Hyderabad District 1879-1950 A.D. Yugabda 4981-5052, Vol.1, Edt, by Prof. Mradha Krishna Sarma, Prof. K.D. Abhyankar, S.G.Moghe, Published by *Bharatiya Itihasa Sankalana Samiti*, Hyderabad,

special interest was one side and the surplus money procured by the nobles where they shown keen interest in establishing the business. By about 1920, the Industries and commerce Department began to investigate the possibilities of starting a few industries.

In 1927, the Deccan Glass Works a private company came into existence. The Government assisted the factory generously through loans as well as purchased of shares. By appointing the Director of Industries and commerce as one of the directory of the companies the Government began indirectly to manage the factory. Finally in 1933, the factory sold to a private party in 1939 about 400 persons were employed by this company³.

From 1920-21 on wards the process of industrial business started with the establishment of The Dewan Bahdur Ram Gopal Mills Limited, Elchiguda, Secundrabad(DBR Mills). It started producing Cotton Yarn Cloth with the initial capital of 18.lakhs and provided employment for 2000. In 1930 the cigarette manufacturing company under the brand name Charminar by Vazir Sultan with the authorized capital 5 crores⁴.

This period also witnessed the establishment of Pharma industries in Hyderabad. In 1933 the Biological Evans Limited started with the initial capital 1.29 crores. It started producing, Anti-Tuberculosis drugs, glycerol Phosphates, Nux Vomica Alkaloids, sera and vaccines⁵. The Hyderabad chemicals and Fertilizers Limited was launched by the Khan Bahadur Alldin with the employment of 200, in 1942. It produced sulfuric acid, super Phosphate and fertilizers mixtures in Moulali Hyderabad⁶. By the year 1959 the state has taken responsibility over this company. The initial capital was

1987. PP-109- 114,(AP State Archives).

³ .Ibid. PP-109-114.

⁴ . Ibid.PP-109-114.

⁵ . Prasada Rau, M V S: *The Gazetteer of the District of Hyderabad*, 1980.

⁶ . Ibid.

25.62. Lakhs, Later (1968) it increased up to 1.42 crores. In 1943 The Biological and Synthetic Products Limited have started at Sanath Nagar Hyderabad. It manufactures Amino-salicylic acid and its salts, liver and crude drug extracts, Para- hydroxyl Benzoic acid and esters. The raw material imported from the Japan, it Started with the initial capital 12.5 lakhs, and with the employment 150⁷.

The Hyderabad Allwyn Metal Works Ltd was established in 1942 with a share capital of Rs. 61.03 Lakhs out of which Rs. 30.689 Lakhs was paid by the Government, the company was to manufacture metal and steel furniture equipment and bank requirements such as safes and strong room requirements. It also manufactures some articles for war purposes in 1964; an agreement was reached with vehicles limited, to train technicians to build bus bodies and refrigerators. Allwyn assembled buses were bought by the Hyderabad Road Transport Department and West Bengal Government. They also manufactured the Ballot boxes used in elections. The company was not financially in a sound position at the final of Hyderabad Merger with the rest of India⁸.

The Hyderabad National Industries was opened in 1939 with a working capital of Rs. 25 Lakhs. The Taj Glass Works (something) was incorporated in 1940 with a paid up capital of Rs. 42.6 Lakhs. The affairs of this company were no better than those of the other glass factory the Industrial trust fund had to assist the company in a big way, in terms of loan and also of buying up shares. The Hyderabad Iron and Steel works limited was incorporated in Hyderabad in 1932 with a paid up capital of Rs. 6 Lakhs with assistance of Industrial Trust Fund.

The Second world war gave an opportunity to this industry to stabilize itself and the main manufacturing items were oil expellers, refinery plants, pipes other castings,

⁷ . Ibid.

⁸ . History of Hyderabad District. Op.Cit. PP-11.

security equipments, agricultural implements etc. In 1943, the Hyderabad Steel and wire products were started, with a capital of Rs. 9 Lakhs⁹. Large scale industries in Cotton Textiles began to be established towards the end of the 19th Century in Hyderabad. Out of the three cotton spinning and weaving mills in the whole state one was established in Hyderabad City in 1874 namely the Hyderabad Spinning and weaving company. In 1929 The Dewan Bahadur Ramgopal Mills was established at Hyderabad. The Total paid up capital was Rs. 21 Lakhs, the annual output was valued at Rs. 72 Lakhs and it employed about 1600 workers¹⁰. The Hyderabad Spinning and weaving Mills Ltd., employed about 1700 workers with a paid up capital of Rs. 8 Lakhs. It was popularly known as the “Old Mills”. It was closed down in 1953 with worn out which was no longer possible to operate it.

The mills in Hyderabad concentrated in producing coarse cloth of 6-31 counts, meant for local consumption. The demand for superior type of cloth was met by importing from outside. Unlike other parts of India, where the textile mills generally started with spinning sections and later added looms, here, the spindles and looms were established simultaneous the second world war gave an excellent opportunities to increase their profits as the price of cloth went up during the war¹¹.

The establishment of ITF was the revolutionary move during the interwar period in the history of Hyderabad. It gave a good boosting to the Hyderabad entrepreneurs hence many companies came in to lime light during the decade 1931- 41. It was inaugurated by the Sir Akbar Hydari with an initial corpus of one crore¹². It was ostensibly founded to help the progress of Industry in general. Because of the

⁹ . Ibid.PP-110.

¹⁰ .Ibid.PP-110.

¹¹ .Ibid. PP-110.

¹² .Seshan, K S S, (etd]: *Hyderabad- 400, saga of city*, (Association of British Council Scholars, Andhra Pradesh Chapter Hyderabad, Hyderabad, 1993, PP-90-91).

establishment of ITF there were two large textiles mills, two cigarette factories, a number of button factories, a silk factories, a glass factory and a huge pipe sprang up in the city¹³.

These industries engrossed a large number of skilled and unskilled labour from the neighboring areas which contributed to a rapid population growth in the city. The old records of the Industries Department indicate that the number of factories located in and around Hyderabad cities rose from 91 in 1931 to 178 in 1939 – 40¹⁴. The Nizam's State Department of public works launched upon a programme of improving the means of Transport and communications and consequently several district roads were metalled reconstructed which provided easier access to markets in the rural areas and also enabled raw material as well as agricultural products to be brought more conveniently to the city¹⁵. But it can not be denied that the Industrial Trust Fund (1931 – 41) has been catered the needs of the Muslim ruling class. Eighty to Ninety percentages of the investments of the Industrial Trust Fund are in concerns owned or managed by Muslims capitalists who are invariably the relations of high officials. A new class of Industrial capitalists came into prominence even though they did not possess any kind of initial capital, more over most of the companies dominated by the Muslims and enjoyed the greater profits and privileges even though their own contribution of capital is almost less¹⁶.

By the time partition of India, Hyderabad capitalist sphere works in close collaboration with Pakistan. The two former finance minister of Hyderabad were Mr. Ghulam Mohammed and Mr. Zahid Husain did their best to foster the ideology of the Muslim league in Hyderabad civil service and the policy of financing industry was a

¹³ .Ibid. PP-90-91.

¹⁴ .Ibid.PP-90-91.

¹⁵ .Ibid.PP-90-91.

¹⁶ . Narayan JayaPrakash (Forward]: *The Hyderabad Problem*, (Bombay; The next steps issued by Hyderabad struggle committee socialist party, 1948. PP-22-30. (AP State Archives).

deliberate means to pressure the monopoly of Industry in the hands of the Muslims. The industry structure shown clearly the concentration of money of power in the hands of less than a dozen big financiers, most of whom are Muslim closely related to the civil services¹⁷.

Though the ITF gave good encouragement for the development of the business in Hyderabad, the level of industrial development in the erstwhile Hyderabad state remained comparatively low in spite of the availability of plenty of raw materials. The feudal background of a few industrial houses looking for government assistance, lack of both material talent non – existence of banking and insurance companies, local entrepreneurs were looking up to a few well established industrial, banking and insurance companies of British India might have been responsible for this situation in Hyderabad.

But in one respect it had an institution meant to provide industrial finance, the industrial finance. The Industrial Trust Fund was the first of the kind, owned and operated by the government having been established by a firman of the Nizam of Hyderabad in March 1929, with a corpus of Rs.1crore. The ITF used its funds in buying shares, giving loans and also investing in Government securities. Loans to Industries were also given from its earning. The ITF spent large amount on cottage industries, industries experiments research and industrial surveys. Both Government officials and industrials were appointed as its directors.

The ITF did not follow any set of rules in assisting the various industries. It helped them in whichever way it thought fit. It took over the management of a few badly managed units. For an agency meant only to assist. The industries, to take over management were much above its capability. At a time when all the industries were

¹⁷ . Ibid.PP-22-30.

facing severe financial problems in the aftermath of the depression of 1930's the ITF gave so much stabilities in pioneering style in the erstwhile Hyderabad State¹⁸.

Tobacco businesses have created its own space in Hyderabad business during the interwar period. It attracted many entrepreneurs to start their own business. Then many companies established. The major initiation has taken by The Vazir Sultan Tobacco Company. The Vazir Sultan tobacco company limited was the pioneers of Cigarette industry in Hyderabad, starting in 1919, with a paid up capital of Rs. 1 Crore, it produced mainly the Charminar brand of Cigarettes. It was employed about 2073 workers. The Second World War came as a big booster to this industry¹⁹. A Charminar cigarette that became more popular than the Charminar. Emanating from the ancient City of Hyderabad, is another "Charminar", a brand of cigarettes, which has become a household name in this part of the World, and which is a living monument to the growth of modern industrial and marketing acumen.

The Vazir Sultan Tobacco Company as VST then had its beginning in a small distillery godown in the city of Hyderabad. In the early twenties of this century, a nobleman in the City of Hyderabad, Md. Vazir decided that instead of merely spending his time in ease and pleasure. Being one of the landed gentry, he went into business in partnership with his elder son, Md. Sultan, and started the firm of Vazir Sultan & sons. The Sultan family approached the late Nizam of Hyderabad for the right to use the name 'Charminar' the then state emblem stamped on Osmania Sicca (the local currency). The Nizam, confident that the Company would manufacture an excellent product, permitted its use. Every morning, his phaeton arrives at the cigarette factory, and 'Charminar' cigarettes were places in a golden casket for his personal smoking pleasure. The

¹⁸ .History of Hyderabad District. Op.Cit.PP-109-110.

¹⁹ .Ibid.PP-111.

company has come a long way. Today, with the wide dispersal of its shares, VST Industries Limited is truly an local Company²⁰.

The Hyderabad Deccan Cigarettes Factory produced the Golconda brand Cigarettes. In 1943, the Jubilee Cigarette Company was starting among the different varieties of Tobacco available in the region, only virgini a tobacco was used for making Cigarettes, the rest was used for making beedies²¹. Tremendous increase could be observed in tobacco business in Hyderabad. In the year 1948, 30382 quantity lakhs Cigarettes produced by the 1955 the production increased to 44608 quantity lakhs Cigarette²². The amount of the value of the business increased from 17950 IG.RS, in 1948 to 34886.IG.RS. in 1955. (See Table-1)²³.

²⁰ Ibid.PP-111.

²¹ Ibid.PP-111.

²² Statistical Abstract- Hyderabad state-1948-1955, Issued by Bureau of economics and Statistics, Finance

Department, Government of Hyderabad.

²³ Ibid.

Table-2.1

Production of cigarettes-1948-55

Year	Quantity Lakhs Cigarettes	Value Thousands of IG.Rs
1948	30382	17950
1949	37065	25008
1950	40458	27943
1951	41764	30747
1952	48043	36931
1953	42529	35554
1954	46157	35728
1955	44608	34886

Production of Cigaretts-1948-1955

Source: - SA-HYD-1948-1955-(PP-49) (PP-90)

There was a famous recognition for India in doing business with the textiles since its inception. Mostly people talk about as if it only the area is the main business activity India though Indian industry having wide ranging scope in various fields of its development. In the interwar period charaka played a significant role between Arabs and the Hyderabad. The *Anjuman Dasti archa Bafi Germain Sharifain* was established in 1932. Dr. Khaja Moinuddin took the initiation; he was the tenth Director of Medical Service of erstwhile Hyderabad state. It was established to help Arab people to train in weaving industry which alone would be instrumental in making Arab people self reliant. It was decided that handloom chicanes be sent from India to impart the art of weaving cotton fabrics, besides providing the necessary equipment of raw materials to the needy people, free of cost.

The products were to be of varied dress materials to be used in Madina 'Ahram' a two piece, unstitched dress, used during pilgrimage and coffin cloth were also to be welcomed check home in the Indian market. The entire expenses of this future were met through public donations and this organization was designed to be kept free from political tentacles. An advisory committee was formed, headed by H.H. Sir Nawab Saif Nawaz Jung, Saleh Bin Galib Alkhoeti, Sultan of Mukkallah.

Dr. Khaja Moinuddin, along with two technicians - Ahmed Khan and Mohammad Ismail, with all the equipment including charkhas and raw materials reached Macca in July, 1933, and presented two handmade sheets to H.M. Sultan Ibne Saud. The industry was started initially, in a rented house outside Babul Umra near Hermain Sharifain under the banner of "Dams sana at Madina Manuwara". This small scale industry flourished well and manufactured pieces of cloth. The discovery of petroleum in Arabia changed the destiny of the Arabs. Thus they, no more required our assistance. The society was again revived in the year 1980 and the first uphill task faced with was that of taking possession of one of the buildings namely Baitul Madina situated at Nampally.

In this period Khan Bahadur Abdul Karim Babukhan explored the new areas of entrepreneurship in construction business. He was born to Mohammed Babukhan, a Civil Contractor, credited with major constructions in Hyderabad, such as Kachiguda Railway Station²⁴ and the Nayapul, Abdul Kareem Babukhan began his career with civil works at the age of 25. Taking entrepreneurship one step ahead of his father, he forayed into industrial development, setting up sugar textiles and paper mills and later coal mines at Singareni.

²⁴ www.babukhan.com.

Abdul Karim Babukhan- The doyen of the clan, set up in the 1930s, the Hyderabad Construction Company Ltd., (HCCL)²⁵, which created architectural marvels (popularly known as 'Jewels of the Nizam') for the Nizams' State. The stunning Arts College of the Osmania University, the Gandhi Bhavan, The Hyderabad House, the Delhi Palace for the Nizam, Soan Bridge- across the river Godavari, Kadam Dam, substantial part of the Tungabhadra Dam, the first phase of Ramagundam Thermal Power Station to name a few²⁶.

His contribution to the growth and development of Hyderabad State earned him the title 'Khan Bahadur' and conferred on him a status that allowed free mingling with politicians and bureaucrats. Yet he remained humble and displayed a rare integrity of character, which helped him create a goodwill that his successors were to reap in times to come.

Some prominent Industrial ventures promoted and managed by HCCL include: The Sir Silk Limited, the Sirpur Paper Mills Limited, Hyderabad Vanaspati Limited, The Nizam Sugar Factory Limited and many others. The Babukhans have become synonymous with quality work, just like the monumental marvels they create.

Air ways a significant forward step and initiation have taken up towards introducing air services in the Nizams dominions, that a Civil aviation board was formed in 1932 and a fine aerodrome as subsequently built at Begumpet by 1936. P.M. Reddy had qualified as a flying instructor, Navigator and maintenance engineer of

²⁵. Ibid.

²⁶. Ibid.

aircrafts and engines. He became the Chief Pilot Instructor at the Hyderabad State Aero Club²⁷.

The Newly formed aero club at Begumpet Airport was taken over by the Nizams State Railway to operate air services under the Stewardship of Reddy and Babar Mriza²⁸. The Nizam State Railway had the distinction of controlling not only the railways but also the road and air services of Hyderabad Reddy was the chief pilot of the air transport division of the State Railway from 1938. At the end of the war, as many as 21 air companies had been set up, including Deccan Air ways. Deccan Air Ways soon became one of the best and most efficient airlines in India with a high maintenance standard²⁹. It is said that people set their watches by the arrival and departure of their aircraft.

In September 1948 when Hyderabad was passing through a critical period all Deccan Airways flights were grounded. However soon after policed transition the air lines resumed co-operations. Between October 1947 and February 1948 the Deccan Airways played a Major role in carrying peoples in both directions since all other operation withdrawal owing to several constraints³⁰. In this critical period there were up to four refugee flights each day. Deccan Airways undertook Haj Charters from Begumpet to Jeddah in 1949-50. The Night Airman services was introduced in February 1949 when Mr. Rafi Ahmed Kidwai was minister for communicate it was subsequently

²⁷. P.M. Reddy son of Pingle Venkatrama Reddy of Hyderabad Deccan, an engineer, took flying Instructions

in 1929 and obtained his 'A' license in England in 1931. He had good experience in operating various Aircrafts along with him Babar Mirja also was well known Hyderabad Pilot, regularly flying from London

to India. Revfered in : Hyderabad The Power of Glory, Published by Deccan Books 1998, P.P. (107-110) – (121-124) (A.P. State Archives).

²⁸. *Hyderabad the Power of Glory, Published by Deccan Books 1998, P.P. (107-110) – (121-124) (A.P. State Archives).*

²⁹. Ibid. PP-(107-110)(121-124)

³⁰. Ibid. PP-(107-110) (121-124)

taken over by Deccan Airways. Deccan Airways even carried drinking water to Delhi every day for the Nizam. The Begumpet Airway had to be specially strengthened and extended to receive the Langer Aircraft. At times like this all other flights went to Hakimpet Airfield.

However in 1953, Prime Minister Jawaharlal Nehru sought to Nationalise all Seven Airline companies then in existence and Act 27 of 1953 soon relegated Deccan Airways to History thus ended yet another glorious chapter of the Hyderabad History³¹.

Apart from the large scale business The Hyderabad also witnessed the development of the regulated markets, retail and wholesale markets during the interwar period (1928). It has influenced the Trade Centers and Regulated Markets in connection with agriculture business. The Nizam government has not neglected this area of business which helped in regulating the important market centers in Hyderabad. The Royal commission of Agriculture in 1928 emphasized the need for the enterprise or regulated markets to avoid unhealthy practices prevalent in the sale and purchase of agricultural commodities and to ensure a fair price to the primary producer, drew the notice of the Nizams government to the significance of marketing as one of the vital consideration for the Agriculturalists welfare. As a result, the Government passed the Hyderabad Agricultural Market Act in 1339 F, providing for the establishment of regulated markets for the Sale and purchase of the notified crops. Before the Act came into force, the main functionary in the market was the Broker called Adatya who facilitated transaction between the buyers on the one hand and the seller on the other³².

The act not only provided for the licensing of every such Adatya but also sought to regulate his business by prescribing the minimum and maximum commission he was

³¹ . Ibid. PP-(107-110) (121-124)

³² . Prasada Rau, M V S: *The Gazetteer of the District of Hyderabad*, 1980.

entitled to under such transaction. It also for the constitution of committees for such regulate market, the members being drawn from growers, Merchants and other interests nominated by the Government. The act was enforced in the twin cities in 1955 ³³.

The considerable growth of regulated markets in Hyderabad could be seen from 1940. By the year 1954 regulated markets rosed from 22 to 70. And the turnover capacity also drastically enhanced. (See the table below³⁴)

Table-3.2

year	No. of Regulated Markets	Total value Turnover-in Lakhs of O.S.Rs.7=I.G. Rs.6.
1940-41	22	9.47
1941-42	22	6.76
1942-43	23	20.24
1943-44	25	22.36
1944-45	28	17.92
1945-46	28	23.18
1946-47	31	28.77
1947-48	42	26.71
1948-49	46	27.80
1949-50	51	33.73
1950-51	54	44.88
1951-52	67	48.71
1953-54	70	47.27

³³ . Ibid.

³⁴ . Statistical Abstract- Hyderabad state-1952-53, Issued by Bureau of economics and Statistics, Finance Department, Government of Hyderabad. (Table-74, page-67). Growth of Regulated markets - 1940-41 to 1952-53. (Hyderabad)

Source: - Statistical Abstract- Hyderabad state-1952-53, Issued by Bureau of economics And Statistics, Finance Department, Government of Hyderabad. (Table-74, page-67) Growth of Regulated markets - 1940-41 to 1952-53. (Hyderabad)

There are now five such regulated markets at Hyderabad cities, Vicarabad, Tandur, Shankerpalli and Narsingi in the district. The Hyderabad cities market has its sub yard at Chandrayangutta, Secunderabad, Mir Alam Mandi, Sabzi Mandi and Jaunbagh while shankerpalli market has its sub yard as Kandi in the district. In 1964, the Government through a notification extended the Act to cover the fruit and vegetable markets in the twin cities³⁵.

It is difficult to draw a clear line of distinction between retail and wholesale trader as some of the wholesale merchants in the distribution also deal in retail trade. According to census of 1961, there were 1555 working proprietors (whole sale traders), 44, 943 workers proprietors (retail traders) and 8194 (Pedlam) hawkers and street vendors³⁶. Usually the petty merchant, and retail traders as well as street hawkers deal mostly in vegetables, fruits, sweetmeats, oils and other sundry items of a perishable nature. In the urban areas, wholesale market popularly known as Mandis, constitute the main Channels of trade. They are the Chief trading centers dealing in agricultural produce, coming from the neighboring areas. The most important wholesale centers in the district are Osman Gunj, Mukhtar Gunj, Kishen Gunj, Mahbub Gunj, Mir Alam Mandi, Sabji Mandi, Monda Market (Secunderabad), Abids³⁷.

Abids was the busy market area since a long time. The name itself is said to have derived its name from Albert Abid. He was a Jewish merchant and the owner of the first shop here. He was also an employee in the Nizam's court. According to another

³⁵. Ibid.

³⁶. Ibid.

³⁷. For details see the Annexure-V (Places visited collected information about the Market centers in Hyderabad).

version the Abids derives its name from the first departmental store of Hyderabad owned by Abids Evans. Such was the popularity of this shop that the whole place comprising business centers got this name. Before getting christened as Abids Road, the place was known as Alustafa Bazaar. It is said that Mahboob Ali Pasha the Sixth Nizam on a visit to Calcutta met Abide Evans an American Jewish business man and Impressed by him he has brought Abid to Hyderabad in royal train³⁸.

Rapid growth in industries in the erstwhile Hyderabad State saw efforts at starting the Stock Exchange. In November, 1941 some leading bankers and brokers formed the share and stock Brokers Association. In 1942, Mr. Gulab Mohammed, the Finance Minister formed a Committee for the purpose of constituting Rules and Regulations of the Stock Exchange. Sri Purushothamdas Thakurdas, President and Founder Member of the Hyderabad Stock Exchange performed the opening ceremony of the Exchange on 14.11.1943 under Hyderabad Companies Act, Mr. Kamal Yar Jung Bahadur was the first President of the Exchange. The HSE started functioning under Hyderabad Securities Contract Act of No. 21 of 1352 under H.E.H. Nizam's Government as a Company Limited by guarantee. It was the 6th Stock Exchange recognized under Securities Contract Act, after the Premier Stock Exchanges, Ahmadabad, Bombay, Calcutta, Madras and Bangalore stock Exchange. All deliveries were completed every Monday or the next working day.

The Securities Contracts (Regulation) Act, 1956 was enacted by the Parliament, passed into Law and the rules were also framed in 1957. The Act and the Rules were brought into force from 20th February 1957 by the Government of India.

³⁸. Chronicle, Hyderabad, Tuesday 27 May 2008.

The HSE was first recognized by the Government of India on 29th September 1958 as Securities Regulation Act was made applicable to twin cities of Hyderabad and Secunderabad from that date. In view of substantial growth in trading activities, and for the yeoman services rendered by the Exchange, the Exchange was bestowed with permanent recognition with effect from 29th September 1983.

The Exchange has a significant share in achievements of erstwhile State of Andhra Pradesh to its present state in the matter of Industrial development. The Exchange was established on 18th October, 1943 with the main objective to create, protect and develop a healthy Capital Market in the State of Andhra Pradesh to effectively serve the Public and Investor's interests.

The property, capital and income of the Exchange, as per the Memorandum and Articles of Association of the Exchange, shall have to be applied solely towards the promotion of the objects of the Exchange. Even in case of dissolution, the surplus funds shall have to be devoted to any activity having the same objects, as Exchange or be distributed in Charity, as may be determined by the Exchange or the High Court of judicature. Thus, in short, it is a Charitable Institution.

The Hyderabad Stock Exchange Limited is now on its stride of completing its 65th year in the history of Capital 'Markets' serving the cause of saving and investments. The Exchange has made its beginning in 1943 and today occupies a prominent place among the Regional Stock Exchanges in India. The Hyderabad Stock Exchange has been promoting the mobilization of funds into the Industrial sector for development of industrialization in the State of Andhra Pradesh.

Since its beginning The Hyderabad Stock Exchange acted as a Non-profit making organization, catering to the needs of investing population. It started its

operations in a small way in a rented building in Koti area. It had shifted into Aiyangar Plaza, Bank Street in 1987. In September 1989, the then Vice-President of India, Hon'ble Dr. Shankar Dayal Sharma had inaugurated the own building of the Stock exchange at Himayathnagar, Hyderabad. Later in order to bring all the trading members under one roof, the exchange acquired still a larger premises situated 6-3-654/A; Somajiguda, Hyderabad - 82, with a six storied building and a constructed area of about 4,86,842 sft (including cellar of 70,857 sft). Considerably, there has been a tremendous perceptible growth which could be observed from the statistics.

The number of members of the Exchange was 55 in 1943, 117 in 1993 and increased to 300 with 869 listed companies having paid up capital of Rs. 19128.95 crores as on 31/03/2000. The business turnover has also substantially increased to Rs. 1236.51 crores in 1999-2000. The Exchange has got a very smooth settlement system.

Hyderabad is often described as the confluence of the cultures of the north and the south the east and the west and miniature India, with its 'unity in diversity' image intact. The Exhibition like many great institutions had small if not humble beginning during the inter war period had grown into a giant enterprise. The exhibition ground has become a landmark in the heart of the city situated at Muzzam Jahi-road in Nampally. The yearly Industrial Exhibition organized by the All India Industrial Exhibition Society, Hyderabad. It was not conceived merely as a place where various goods manufactured in the country are available at a single place, and as an enlarged shopping centre, but was visualized as a peep show into the past, the present and the future, a kaleidoscopic view of the transformation that is taking place, all around. It comes at a definite period in the month of January, but extends to February.

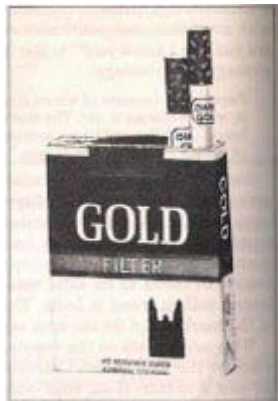
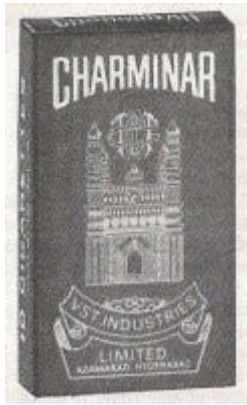
The Exhibition as it grew in popularity and became the focal point for forty days in the year, both Government and Private undertakings display their wares in the sprawling premises of the Exhibition grounds. One could find the finest fabrics from the silks of Kashmir to the toys made of conch-shells of Kanyakumari, the artifacts of Assam and the myriad varieties of textiles produced from the mills of Bombay and Ahmadabad.

The Exhibition thus had become a venue for knowing the variety of goods manufactured in different parts of the country and the artistic excellence of the renowned craftsmen who reflected the peculiar tradition and cultural motifs in their works and wares. The fish motif in the pattern of the Utkal Sari, the Kalankari prints of the Machilipatnam, the bafta of Bihar, the dazzling gold braid of Benaras, the Sandal wood toys of Karnataka and the coir mats of Kerala bear testimony to varied heritage and variegated history.

The new major industries that were established in the public sector, like the Hindustan Machine Tools, the Bharat Heavy Electricals and the State undertakings like Road Transport Corporation, the Allwyn and the Andhra Pradesh State Electricity Board, the newly created South Central Railway, whose activities had expanded beyond all imagination, impress the people with their stalls.

During this phase notably the traditional entrepreneurs relied on trading and money lending at various levels. The newly emerging large scale industry was preoccupied by the nobles and administrative peoples of the princely state. The manufacturing was largely in the hands of artisans who were often dependent on merchants to provide finances for their operations and buy their products, although the artisans also sold directly to the final consumer. The others were the European

managing agencies. Basically Britishers dominated the industrial production in India and were interested in certain kinds of products mostly on tea and coffee plantations etc, by acquiring land at cheap rates from the colonial government and also they invested in mining, indigo and jute etc. Most of these products were produced primarily for export trade and not for sale in India.



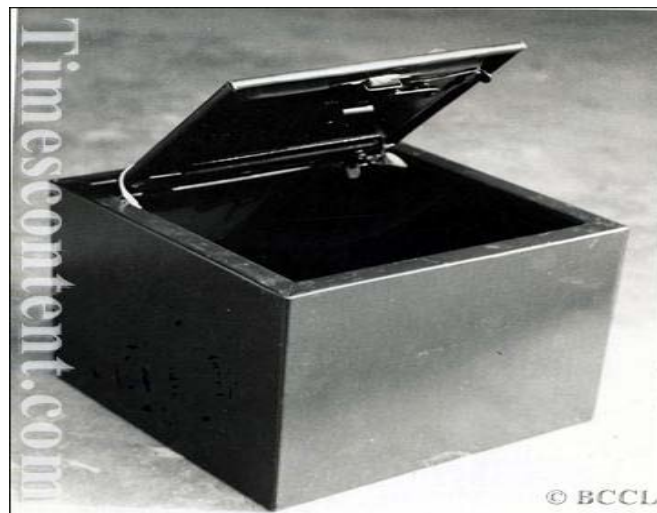
Manufacture by Vazir Sultan Company (VST Industries Limited, Azamabad Hyderabad)

Right: Range of cigarettes manufactured by VST Industries (Charminar Company).

These included: Charminar Special Mild Virginia, Charms Mini King, Charminar (actual non-filtered), Charms Virginia Kings, Charminar Gold Filter, Vijay, Silver Kings, Charminar Filter, Vijay Gold Flake, Charms Virginia Filter, Gold Fine Cut.



One of 30 CX19s for the Hyderabad State Railway of India with 56-seater all-metal Park Royal bodies. The first of the batch was completed at the Park Royal works, but all the others were dispatched in sections and reassembled by the Hyderabad Allwyn Metal Works Limited, Deccan. In place of glass the half-lift windows were fitted with metal jalousies, which were said to allow ample ventilation while providing shade against the Indian sun. This picture comes from a contemporary Park Royal brochure and the bus looks like the first of the batch judging by the typically English backdrop.



A ballot box, made by Hyderabad Allwyn Metal Works, for the first ever 1952 general elections in India, on display during August 1951



Gun foundry

CHAPTER – III

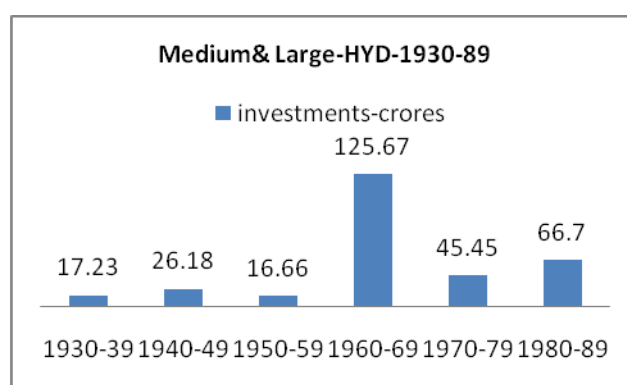
TRASFORMING HYDERBAD BUSINESS

This chapter focuses on how the business environment transformed from Industrial entrepreneurship to the Knowledge based entrepreneurship from Pre-liberalization to Post-Liberalization in Hyderabad. During the first quarter of the 20th century the economic environment created favorable conditions for the strengthening of the native entrepreneurs despite the discouraging conditions created by the Britishers. Indian entrepreneurs had to take permits from the colonial government and many restrictions were imposed on Indian business. Nevertheless, some industries were set up by patriotic Indians like the TATAs and the Birla's and various others lesser known enterprise.

In Hyderabad during the period after the Second World War a rapid development of industrial production could be seen which continued its potentiality even after independence also. The existing miserable conditions soon after the independence and the developments around the world puts a check to the intensification by the 'license Raj' policy generated by the Prime Minister Jawaharlal Nehru's attraction to the socialism and central planning. Thus India adopted the soviet communist mode of centralized planning, state ownership of and dominance over all important industries. The traditional entrepreneurs were largely restricted by the permit License-Quota-Raj. Though the centre maintained its political stability, Andhra Pradesh did not experience any political certainty in the pre-liberalization period. More over the Congress party continued its dominance in the political sphere of the state for a long time. But it did not provide any kind of political stability and independent decision making power to the state as it was there in the centre.

The real era of Industrialization may be said to have commenced only after the 1961. Many companies came in to existence from the western outskirts of the Hyderabad and many large and medium scale industries were set up and could be seen the sudden rise of capital¹. According to the Commissionerate of Industries Hyderabad the investment capital reached up to 127.67 crores, in the decade 1960-69 in Hyderabad².

The dominant feature of this time was that the public corporations were setup to promote industries in the state. Then on the industrial structure started widening and deepening in Hyderabad. A very large number of items which were not produced in the country began to be produced in the Hyderabad city. Even though there was industrial business prior to 1961, but it was only after 1961 they started doing full length business. Basically the absorption of technology, the creation of the technological infrastructure by the state gave assurance to the development of new business enterprises. New areas of entrepreneurship also opened both in the public and private sectors.



Graph: 3.1
Investments in Medium & Large Scale Industries in Hyderabad during 1930-89
Source: - Refer Table-4.1 PP-77
Industrial senses Commissionerate of Industries, Hyderabad,

¹. Censes Andhra Pradesh series-2, District censes handbook, Hyderabad district, part xx&B PP-107.

². Industrial senses 1930-89, Commissionerate of Industries, Chirag ali, Hyderabad

Many corporations were set up by the state to cater to the needs of the business enterprises from 1951 onwards. The State Finance Corporation was setup in all the states in (1951), The Hyderabad & Andhra Corporation was being merged in 1956. The Andhra Pradesh Industrial Development, Corporation in 1961. Andhra Pradesh Small Industries Development Corporation in 1962 and the Andhra Pradesh Industrial Infrastructure Corporation in 1973 became active in encouraging industries.

The gigantic factories were established and undertaken by the central government like.1.The Bharat Heavy Electricals. 2. The Synthetic Drugs Projects. 3. The Hindustan Machine Tools. 4. The Hindustan Aeronautics Ltd. 5. The Expanded Praga Tools. 6. The Electronics corporations.(Atomic energy establishment) near Macha Ali the vast eastern expanse. At the same time the existing old industries in the city, such as the Old Taj Glass works, The Allwyn Metal Works and the Hyderabad Laminated products got a new lease of life and look up their expansion programmes. An industrial estate was established at Sanath Nagar in the city by the State Govt³.

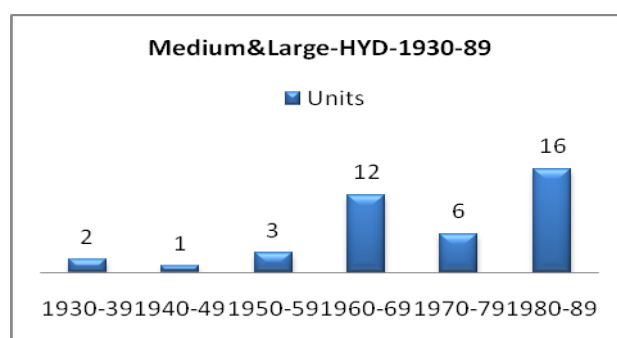
Even with the political uncertainty in the state there were many factors which were responsible for the development of industrial business in the pre-liberalization period. According to National Accounts Statistics and Directorate of Economics and statistics of Hyderabad that the share of Industry sector in NDP (1980-81 prices) in Andhra Pradesh has been gone up from 4.29, during 1960-61 to 1980-81, but started dropping since then to 3.62, in 1995-96 the share of manufacturing industries also showed similar trend. These periods broadly are co-terminus with the rule by the Congress and Telugu Desam⁴.

³ . Bhatt, S C. (etd.): *The Encyclopedic District Gazetteers of India - Southern Zone*. (V. 1. Gyan v Publishing House, New Delhi, 1998.) PP-164.

⁴ . Rao, R.S; Rao, V. Hanumanta, Gopal, N. Venu. (ed.): *Fifty Years of Andhra Pradesh 1956- 2006*, (Centre

During the period 1960-69s the Hyderabad became the biggest industrial hub and it witnessed the dramatic growth in Industrial business. The performance of entrepreneurs in manufacturing and all other industries was going well, when labour and human resources productivities were used as performance criteria. Electrical machinery tobacco manufacturing, jute, cement, sugar, cotton, cotton textiles showed similar productivity improvement when labour productivity is used as criteria. The poorest performance was that of pharmaceutical and drugs⁵. There were large scale companies established by public, private and by foreign collaboration entrepreneurs. Mostly these enterprises were technology based changed the face of Hyderabad business. Along with Public limited companies there were nearly nine private limited companies, foreign collaboration companies established in different fields like spinning, engineering, electrical, beverage and Pharma etc⁶.

As per the industrial censuses reports, the registered medium and large scale industries were all of a sudden rose from three units in 1950-1959 to 12 units in 1960-69. It shows the intensity and the magnitude of the of the industrial business base created in Hyderabad during the decade 1960-69. (See the bar diagram below)



Graph: 3.2
Medium & large scale units in Hyderabad during 1930-89

Source: - Refer Table -4-1 PP-77,
Industrial senses -1930-1989, Commissionarate of Industries

For Documentation Research and Communication (CDRC) Hyderabad, 2007).PP-255-256

⁵. Raman Rao A.V : Andhra Pradesh Economy since indenpendence 1947-1992 , Kalyani publishers Hyderabad, 1993, PP – 403.

⁶. Prasada Rau, M V S: *The Gazetteer of the District of Hyderabad*, 1980.(see the Table-3)

The fast growth of the industrial business brought regional disparities in with this region. The Telangana region with the investment of Rs. 1456.64 crores (67%) provide employment for 2.34,752 (67%) person in 235 industries. Though it occupies only 52% of the area of the state half the number of industries in Telangana (235) 150 are located in and around Hyderabad. It shows the disparity in regions and districts and the fast growth of industry based business in Hyderabad.⁷ During this period the Central Government investment played an important role through the capital intensive central public sector set-up was significant land mark in the Hyderabad business history and it became advantageous to the city⁸.

Regardless of its desire for industrialization, the state remained predominately an agricultural state in 1960-75. Between 1960 and 75 the Government has floated the Andhra Pradesh Industrial Development Corporation and Several other corporations persuaded the central government to locate some central sector major industries in the state to set right the regional imbalance set up by the industrial estates in Hyderabad and in some districts. The budget for 1976-77 was an excellent illustration of the consequences that follow. The budget set out deliberately to give a boost to the demand for luxury goods with generous tax concessions to the rich, reduction in excise duties⁹. Consequently the industrial sector naturally attracted all financial institutions like IDBI, IFCI, ICICI and the Banking system to provide financial support, with the result that AP, especially Hyderabad occupied a place alongside such industrially developed state like Maharashtra, West Bengal, Tamil Nadu, and Gujarat¹⁰. It would be instructive to

⁷ . A.V.Raman Rao: Op.Cit. PP – 1971-85.

⁸ . Rao, R.S; Rao, V. Hanumanta, Gopal, N. Venu. (ed.): *Fifty Years of Andhra Pradesh 1956- 2006*, (Centre

For Documentation Research and Communication (CDRC) Hyderabad, 2007).PP-255-256.

⁹ . Ibid.PP-255-256.

¹⁰ .Ibid.PP-255-256.

closely observe the industrial development during this period (1970-85) which several economist and industrialist considered a golden era.

The APIDC came into existence in December 1960 to give financial assistance to the firms engaged in manufacturing, preserving or processing of goods, mining, shipping, fishing and distribution of Electricity¹¹. The joint sector concept followed by the Andhra Pradesh Industrial Development Corporation yielded good results and industrial entrepreneurs with the backing of APIDC. Its important activities were underwriting of issues of share capital, participation in the share capital of Industrial concerns, guaranteeing referred payments for the import of plant and machinery. Repayment of loan in ordinarily in an extraordinary manner spread over 15years. By the close of March 1968 the corporation had given assistance to the tune of Rs.76.84 lakhs to sixteen industrial units in the district¹².

The introduction of the financial institutions was one of the major reasons for the fast growth of the entrepreneurship in Hyderabad during the above said period. During this period many educated youth were made their way into employment and a few of them did enter in to the industrial entrepreneurship. Incentive provided by the Government like making banking facility available, postponement of collection of taxes and so on did play their role in attracting investment.

There was another institution which came to forward to fasten the industrial business was the IDBI. Industrial Development Bank of India was formally launched in 1976 in the month of March. The main aim of this IDBI was to faster balanced development so that distortions and disparities do not develop in the standard of living in different areas. More over, the main task of the institution in specific term was the

¹¹. www.apidc.org/glance.htm.

¹².Prasada Rau, M V S: *The Gazetteer of the District of Hyderabad*, 1980. PP-110.

development of industrially backward regions, encouragement of small and medium people entrepreneur, a wider dispersal of industrial ownership export promotion and import substitution¹³.

But the IDBI has shown slow progress in the achievement of its main objective such as encouragement of small and medium scale entrepreneurs and wider dispersal of industrial ownership. Statistics showed that the proportions of IDBI assistance to large industrial houses have been declined and the percentages of its advances to small-scale industries and units in backward regions are large. But then a large number of units actually managed by the big industrial houses are not shown in the official statistics as belonging to these houses. The fact is that the large industrial house continue to pre-empt both licenses and institutional financial and, as a result, the concentration of economic power continues to grow¹⁴. As per the censuses reports from the Commissionerate of industries the decade 1970-79 have showed little performance when compared with the previous decade as there were six large and medium industries registered with the total investment 45.45crores.(see the table)

¹³. Assessment of Institutional or Industrial Finance – IDBI – 1976 Cause under Development of small scale

Industries. (EPW – April 3, 1976 . vol-11 April – June) PP 513-514.

¹⁴. Ibid.PP-513-514.

Table-3.1
Medium & Large-HYD-1930-89

Year	Units	Investments In Crores	Sector		
			PVT	CS	SS
1930-39	2	17.23	2		
1940-49	1	26.18	1		
1950-59	3	16.66	2	1	
1960-69	12	125.67	10	1	1
1970-79	6	45.45	5	1	
1980-89	16	66.7	16		
Total	40	361.25	36	3	1

Source: -Units registered at Commissionerate of Industries,
Chirag Ali, and Hyderabad.

It can not be denied that the emergence of institutional finance became a powerful force, after the essential of IDBI and UTI in 1964-65 did coincide with a decline in the rate of industrial investment and of growth of output. But two other unwanted things also occurred that on the one hand there was very little investment in critical areas like cement, paper and mass consumption goods industries and on the other, large capacities were created in luxury goods industries. It may be argued that the state of the industries in total industrial output is still negligible¹⁵. During the period 1970-80 Hyderabad was struggling to sustain its industrial business. The Government financial institutions were in a helpless situation. Further, they were unable to support for further growth of industries in Hyderabad all of a sudden the growth of industrial business declined.

Literally Hyderabad was transforming in to new phase of entrepreneurship. At this juncture the land reforms introduced by the sate Government in the first half of the 1970s acted as a means for setting up industries by landed gentry of the coastal belt with

¹⁵ .Ibid.PP-513-514.

their surpluses capital¹⁶. This factor contributed to a high annual growth rate of industries of seven to nine percent during the seventies and the early eighties. Since this time onwards the new class of businessmen rose and shifted their activities to Hyderabad from coastal Andhra. The emergence of this class is explained with reference to the convergence of several historical processes.

Some of them are the development of a productive and commercialized agrarian economy in the late nineteenth century and the emergence of a 'rich peasant' class, the integration of town and countryside and an early interest in education on the part of the rural elite, the politicization of caste identity and, later, the green revolution and land reforms. High productivity and profit rates in agriculture have contributed to the development of capitalist tendencies in the system of agricultural production and the 'capitalist farmers' were accumulating surpluses which they sought to invest in ever more profitable enterprises. The result has been a pattern of urban migration and economic diversification among the rural elite which, over several generations, has produced the new urban business class¹⁷.

The big land-holders started investing their surplus money in entertainment industry (Cinemas), hotels and the like to start with and later in industries. The rural dominant caste people who had gone outside the state in pursuance of their studies returned back to the state at this juncture and were prompted to become entrepreneurs. Government provided infrastructure facilities and laid foundation for power plants

¹⁶. Andhra Pradesh Land Reforms (Ceiling on Agricultural Holdings) Act of 1973 was enforced on 1st January 1975.

¹⁷. Carol Boyak Upadhyya: The Farmer-Capitalists of Coastal Andhra Pradesh Source, *Economic And Political Weekly*, Vol. 23, No. 28 (Jul. 9, 1988), pp. 1433-1442 Published by: Economic and Political Weekly Stable URL: <http://www.jstor.org/stable/4378736> Accessed: 02/02/2009 12:35(The entire article).

during the first half of the seventies which started functioning in the later half giving a filling to the industries.

From 70s, 80s onwards the Industrial capitalism emerged from the consequence of agrarian change and the peasants, who then began to invest in non-farm and urban economic activity as the pace of economic growth was faster, as in coastal Andhra Pradesh, where investment (private or public) came from above and outside. In Telangana it was much slower due to the persistent poverty of Telangana even after 40 years of integration into the composite Andhra Pradesh state.

The change of the Andhra Pradesh politics was also one of the main factors for the promotion of the Hyderabad business. After the Telugu Desam Party came to the power many local agricultural communities, mostly kammass, Raju's, Reddys from Andhra and Raylaseema regions shifted their business activities to Hyderabad. They invested their surplus capital in various business activities which opened the new vistas of the entrepreneurship in Hyderabad. Perhaps this was the reason where Hyderabad took a lead in establishing the industries compared with the Telangana region. The absence of a local entrepreneurial class/ caste was an important limitation of Telangana districts to get in to the Hyderabad business. The indigenous business class / castes of India (the Marwaris, Gujarat's and parts of western India, the Chettiars, Kammass, Raju's and other middle castes of southern India and Newly emergent groups in Punjab and among the Maratha Chister in Maharashtra) have as yet no parallel communities in the magnetic plain. In Andhra region of high growth, local business communities have emerged to advance the process of capital development, economically and politically.

Hyderabad city provided good opportunities for them to rest their fate as entrepreneur after 1980's¹⁸.

Hyderabad became a home for a number of Public Sector Units (PSU) also. In 1970s and 80s the industrial and business landscape has changed a great deal in the city. There were many companies established in Hyderabad. Mostly these industries were run by the state and little by the private people in the areas of engineering, steel, Pharma and other diversified areas. At the end of the 80s the public sector business gave mixed results and the private sector business proved its ability and sustained immense development could be seen after the liberalizations. In 1971-85, among the industries in Telangana, chemicals and allied industrial constituted 67%, 94% pharmaceuticals, 66% engineering industries, 52% electrical industries, 62.35% electronic industries. RangaReddy, Hydeabad, Medak and MahabubNagar had a concentration of industries. But those came down from 83% to 77% between 1971 and 1985¹⁹.

The registered manufacturing segment of the factory sector during the decades of 80s and 90s grew at higher rate than the country's factory sector, but this growth was heavily contributed by public sector, whose shares is 50 percent in output and this percent of investment was largely due to major industries like BHEL, ECIL, IDPL etc, Drugs and pharmaceuticals was one industry where Andhra Pradesh has a dominant position in the country. A major portion of the drugs produced in India is produced in and around Hyderabad²⁰.

Hyderabad Allwyn was a large state PSU, Allwyn refrigerators and furniture was quite popular all over the country. Allwyn, also had a watch unit in collaboration

¹⁸. Sanjaya Baru: Enterprises Development in India – An interregional Perspective, *India Review*, (vol. 3, 4 , October 2004. Taylor and Francis Inc. 2004. PP-385-404.

¹⁹. Rao, R.S; Rao, V. Hanumanta, Gopal, N. Venu. (etd.): Ibid. PP – 255-256)

²⁰. Ibid. PP – 255-256.

with Seiko. Later, Allwyn got into LCVs in collaboration with Nissan. Hyderabad Allwyn suffered a set back and it no longer exists. The LCV unit has been sold to Mahindras. Andhra Pradesh Government had set up a scooter manufacturing unit in collaboration with Piaggio. They came up with Vespa PL170, when Bajaj had a long waiting list. Once, Bajaj increased its capacity, this company could not survive. HMT and its subsidiary Praga tools was another large PSU, Although, HMT exists, it is a pale shadow of its former self. BHEL and HAL existed then, they exist even today.

In the Pharma sector IDPL was a PSU with a large bulk drug unit in Hyderabad. IDPL is often credited with the pioneer status and was the breeding ground for all the Pharma units in Hyderabad. In the 80s, the pharmaceutical industry grew rapidly in Hyderabad. Cynics often attribute the theft of intellectual property and processes from IDPL gave birth to this industry. Standard Organics and Dr Reddys Laboratories were the big pharmacy companies which were set at that time. Standard Organics and its sister company SOL Pharmaceuticals, no longer exists. Dr Reddy's has become a large company through mergers and acquisitions. It was considered a blue-chip until recently. Recently Dr Reddy's stock has been removed from the Nifty index. Aurobindo Pharma, Matrix Laboratories, Divi's Laboratories are some of the other large public listed pharmacy companies from Hyderabad. Aurobindo Pharma, a widely tracked company among equity analysts is also losing favor and was recently removed from the Nifty Junior index. (Detail discussion in the forth coming chapters)

The socialism, central planning, and an unbelievable quantity of bureaucratic red tape and the 'License Raj' strangled the private sector and led to rampant corruption and massive inefficiency. As a result, Hyderabad was also stagnated until bold neoliberal economic reforms were triggered by the currency crisis of 1991 and implemented by the government of P.V. Narasimha Rao. The Liberal policies unleashed its current wave of

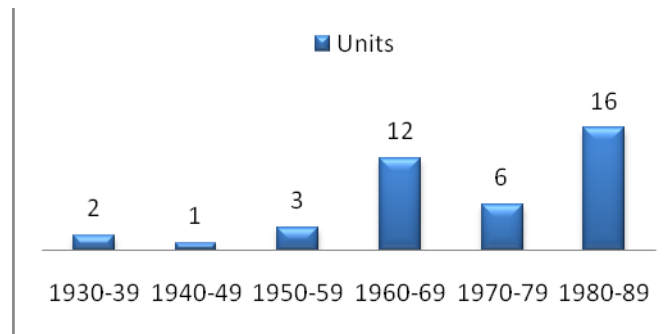
rapid economic growth at a place that promises to double average productivity levels every sixteen years. It should be considered as the golden era for struggling entrepreneurs and for new entrepreneurial aspirants.

The fact that much fewer new enterprises were launched during the 1970s and 1980s suggests that regressive environment did have an adverse impact on business confidence²¹. In contrast with the Nehruvian era not less than twenty enterprise groups appeared on the scene and gained in strength over the years²². New enterprises founded during the hay days of the license-Permit Raj that carved out a national position for them within a reasonable time frame can be counted on the finger tips.

During this period most of the entrepreneurs were the first generation who came from the well educated, rural, economically well off families and some were came from the traditional business families. Another class of people consisting of civil servants and politicians, because of their proximity to power centers has been drawn in to the industry. Besides this, there was a wide array of interesting isolated cases induced by one or more factors which could not get a suitable employment entered in to the business. More over, a strong desire to do some thing independently in their life, possessing of technical knowledge, experience in trading and manufacturing and availability of governmental institutional assistance are the significant factors for the promotion of the new entrepreneurs. They tested their fortunes and faced a lot of struggles and finally succeeded in consolidating their position and expanded their tentacles in establishing their business and laid foundations for the new trends in Hyderabad by which their investment levels have been increased.

²¹ . Industrial Senses, 1930-2005, Commissionarate of Industries, Chirag Ali, Hyderabad.

²² . Ibid.



Graph – 3.3
Medium & large scale units in Hyderabad during 1975-85

Source: - See the table, PP-77
Industrial senses (1930-1989) Commissionerate of Industries

The state turned in to the biggest business corner and the decade between 1975 and 1985 was a golden era for the up coming entrepreneurs. Just around that time power stations started producing power, which was an added attraction to the emerging entrepreneurs. Financial resources flowing out of rural areas for development of industries was indeed a healthy and wealthy sign. Chota Tatas, and Birla's started emerging on the industrial scene. Stall walts like Rama Krishna (Uuyyur group) Harischandra Prasad and the TGL group of Kurnool provided the base for the corporate culture to set in.

Some of the old established companies still maintained their hold on their business during 70s and 80s. For instance VST an old established company with its Charminar brand of cigarettes was still remained as a prominent company. But there were many old reputed companies which were closed because of various reasons and many new business groups came in to lime light with the family and caste backing. These groups which created a new wave in the Hyderabad business mostly were technocratic, innovative, knowledge based, profit oriented and multifaceted entrepreneurs KVK Raju Nagrjuna group, Pennar Group, Sri Girish Sanghi Sanghi Group, RamojiRao Ramoji Group, D.V. Manohar Sri Shakti Group, Rajive Reddy Amrutha, Bashiruddin Babu Khan, Reddy Labs etc are notable among them. They came

from diversified fields mostly from agriculture, started doing their experiments with the Hyderabad business and in-roaded in to the new vistas and reached their heights after Liberalization.

The broadening and depending of the industrial base in Hyderabad attracted the attention of all India financial institution like IDBI, which contributed in a way to strengthen this trend. Several other incentives and promotional measures were launched both by the central and state governments in the state, emboldened by this improvement and entered into collaboration agreements with foreign industrial groups to import technology. Industry diversified itself into non-traditional areas as well. Industrially looking, it was a period of high achievement.

On the other side the performance of small scale industrial entrepreneurs faced a lot of problems. Industrial estates were not so big to write about their success except for a handful of estates in the city and elsewhere. Industries in the small scale sector continued to be ploughed by problems of working capital and market. Andhra Pradesh State Financial Corporation, since its inception in 1956 has financed thousands of units and in some years it was at the top of all states in the country. But very large number of them fell sick for various reasons like back of working capital, corrupt practices in extending financial assistance etc. The situation has further deteriorated when the Infrastructure Corporation has also started advertising the vacancies in industrial sheds. Moreover the politicians in power have made public sector industries dumping grounds of employment for their party followers' friends and job seekers²³.

²³. Hanumantha Rao. V., N.K.Acharya, M.C.Swaminathan: Andhra Pradesh at 50 a data based amusing data news Features, Hyderabad 1998, PP-306-308.

In this phase only, there were some serious setbacks and diversions which could be observed. Due to the shepherd mentality in some areas of businesses (Aquaculture, Mini-Cement plants, Granite, Ceramic Tiles, Financial Services etc) have folded up or were on the verge of closure. Most of these companies raised money through IPOs. Large numbers of small investors have lost their savings in these companies. This has caused a great deal of harm to the good-will for Hyderabad and of AP entrepreneurs.

For instance the VST's brands no longer have the market shares they commanded and have now become virtually a small unit of ITC/BAT. Pennar group came up along side Nagarjuna, copying their strategies and business plans. Most of their businesses are defunct today. Bakelite Hylam and IDL (now Gulf Oil) were the other big industries of the 80s, which exist even today. Bakelite Hylam, a pioneer in laminates, suffered a set back in 2004 and is slowly recovering under a BIFR package.

The impact of the industrial finance institution on industrial growth and the easy availability of funds has made entrepreneur slacken in a variety of ways, caste consciousness has certainly suffered. The debt equity ratio which was about 18 percent in the early 1960's has now come up to nearly 40 percent. To day no project comes up without 70 to 80 percent contribution for the public sectors financial institution including banks. The easy availability of funds has also encouraged entrepreneur to use their own funds for speculation and trading in commendation rather than for manufacture. This is reflected in the negligible growth in employment and in manufacturing despite the growth of gross fixed asset²⁴.

²⁴. Assessment of Institutional or Industrial Finance – IDBI – 1976 ,Cause under development of small scale

Industries, (EPW–April 3, 1976 vol-11 April – June, PP 513 – 514).

Soon after independence first India Prime Minister, Jawaharlal Nehru, inclined towards socialism, central planning, and an unbelievable quantity of bureaucratic red tape hence the license raj system was brought in to force. This 'license raj' strangled the private sector and led to rampant corruption and massive inefficiency. As a result India got stagnated until bold neoliberal economic reforms triggered by the currency crisis of 1991 and implemented by the Government of Narasimha Rao unleashed its current wave of rapid economic growth at a pace that promises to double average productivity levels every sixteen years. This period have witnessed the sudden shift of Hyderabad business from state owned industrial business to the knowledge based private business. The liberalization policies provided many opportunities for the upcoming entrepreneurs to come up with their own business where Hyderabad city provided favorable conditions. Significantly from Hyderabad three predominant sectors shown adverse effects on National as well as international business arena are the Pharmacy sector, IT sector, Health sectors etc. Unlike the pre liberalization period these are the sectors which opened new vistas for the knowledge based business enterprises in Hyderabad. National and international economic developments one side and the state initiatives on the other side have attracted many entrepreneurial aspirants; as a result Hyderabad became biggest business hub across the world. The Hyderabad business entrepreneurs reached their heights.

The great efficiencies of the Hyderabad entrepreneurship came in to lime light after the collapse of the socialist model of centralized planning economy in 1991. India turned towards liberalism that could be realized by getting in to the new areas of business and application of the new sciences; namely computers and communications. From the past ten years there have been profound changes in the country and around the

world. The rapid and extensive application of information technology in every human activity, be it production or education, trade or consultancy; defense or waging of a war, or the production or distribution of goods; all have become efficient and effective. The development of telecommunications net work linked up all units of economic activity also.

Since 1991, there has been a gradual reduction or abolition of various controls and regulations transferring the role of the government from that of a regulator to that of a facilitator of growth. Quantitative restrictions and import controls gave way to low levels of tariffs. This enabled the Indian firms to achieve cost efficiency through global procurement of raw materials. The items reserved for the small scale sector dwindled to just 748. In addition to that, after 1994, India continuously shifted item from restricted list to open general license²⁵.

Indian market was thrown open for foreign investment and industry in Andhra Pradesh which has just started standing on its feet and it had to face competition from the developed countries. It was a blessing in disguise for, industry in the state, which had just started thinking of setting up industries. Instead of going through the preliminary stages it had jumped right earnest into second phase by installing modern machines²⁶.

Restrictions on foreign capital have been removed and now foreign companies are able to raise their stake up to 74%. Foreign players are not allowed in the banking and insurance sectors. This increased the scope of operation for the firms. Through market tie-ups with foreign firms many entrepreneurs got access to tap the international

²⁵. Rose Marry. K. Abraham: *Policy shift, industries' response and emergence of sickness*: (PhD Dissertation

IGM Library HCU) PP-31-45.

²⁶. Rao, R.S; Rao, V. Hanumanta, Gopal, N. Venu. (etd.): Op.Cit. PP-257.

market. The government freed the funds which were locked up in banks and other financial institutions as cash reserve ratios and statutory liquidity ratios by slashing these rates. In one way central government stopped this practice of compulsory borrowings though many state governments still continue with it. This led to an increase in the flow of assistance funds²⁷. Interest rates were left terminated by the market. Indirect taxes had been reduced by slashing the import excise duties and sales taxes. However increased corporate taxes flowed in despite with in tax rates the impulsion in tax rates Infact shifted away from production to higher public enterprises profits²⁸.

This period witnessed the sudden rise of the entrepreneurship in knowledge based sectors. Hyderabad became a testing ground for the entrepreneurial experiments. The area of the Infrastructure development became prominent for the newly charged business people in Hyderabad. Most of the business men shifted their business activities to Hyderabad and started investing in Hyderabad. The IT, Pharma, Infrastructure, Retail etc, created its own space and reached its heights and developed global standards. Both the governments TDP and Congress gave immense encouragement for the development of the Hyderabad business.

Industrial groups like Nagarjuna and Rasi made their debut during that period. At the same time, it has to be stated that such groups emerged on the industrial scene, as part of the government's desire to industrialize the state, rather than as a part of privatization drive. In fact, it was public sector industries like IDPL and ECIL which laid the foundation for making Hyderabad the bulk drug capital of India and the centre for TV manufacture and IT hub respectively.

²⁷. Rose Marry.K. Abraham:Op.Cit.PP-31-45.

²⁸. Ibid. PP-31-45.

A couple of partnership summits were organized after Telugu Desam government came to power for the second time. As soon as the government took the responsibility of running the state, the then Chief Minister announced that his government's aim is to attract one lakh crore investment into industry. He invited industrialists both from within the country and abroad; he himself visited several countries to achieve the same goal. Two industrial policies were announced, offering more and more concessions, incentives, waiver of taxes and offer of land at cheap rates. All those came, made promises of consideration but never came back. Memorandum of Understanding (MoUs) were signed and pompous announcement were made as if investments have already come. But all these efforts have failed to yield any result for the simple reason of non-availability of infrastructure, especially power and water²⁹.

Sri. K.V.K. Raju of Nagarjuna group set the ball rolling, followed by over a dozen of such groups and new groups emerged from these major groups. This is well termed as The Steel Era in the 1980s, and Nagarjuna group created new waves in the Hyderabad business. It set up quite a few companies in diverse industries. Nagarjuna Steels was the most high-profile one. Nagarjuna Fertilizers, Nagarjuna Finance, Nagarjuna Construction and Nagarjuna Signode, being the other companies in the group. Nagarjuna Steels has folded up. Nagarjuna Signode has since become ITW Signode. (Nagarjuna Fertilizers and Nagarjuna Construction (NCC) have survived. NCC has availed the infrastructure boom and its stock is considered a good one.

Pennar group came up alongside Nagarjuna, copying their strategies and business plans. Most of their businesses are defunct today. Bakelite Hylam and IDL (now Gulf Oil) were the other big industries of the 80s which exist even today. Bakelite Hylam, a pioneer in laminates, suffered a set back in 2004 and is slowly recovering

²⁹. Rao, R.S; Rao, V. Hanumanta, Gopal, N. Venu. (ed.): Op.Cit. PP-258).

under a BIFR package. Gulf Oil is a fringe player in the lubricants and explosives market.

Saanghi group started in 1978. The Sanghi Group is among the Leading Industrial Groups in South India, with its operations primarily based at Hyderabad in Andhra Pradesh. The Sanghi Group is promoted by Shri Anand Prakash Sanghi and his brothers Shri Sudhir Sanghi, Shri Ravi Sanghi and Shri Girish Sanghi. A Sanghi textile started in 1979 is one of the largest independent textile processing houses in the country with an ISO 9001 Certification. Its processing capacity has multiplied six fold to 60 Mn meters of cloth per annum. The versatile unit incorporates a computerized garment dyeing plant that facilitates dyeing made ups as well as a whole range of treatment to stitched garments like acid washing, stone washing, etc. to cater to the changing demands of fashion³⁰. Sanghi Group has achieved and maintained industrial excellence and laid a strong foundation for dynamic group activities with an asset base of US \$ 2 billion and a group turn over of US \$ 600 million. The group's major operations are based in Sanghi Nagar, 30 kms from Hyderabad.

Sanghi Group started its operations with its core competency in Textiles and textile related activities and later diversified into publications (Telugu & Hindi Daily news Paper) plastics and leather, manufacturing wide range of leather and plastic products. Further expanding its horizon the group entered into Cement Production with its plant located in Kutch of Gujarat.

As a diversified business house, the Sanghi Group is one of the largest and leading multi-product, industrial conglomerate and pre-eminent corporate groups in the state of Andhra Pradesh. Sanghi Group is forever committed to growth and

³⁰.Reachout hyderabd.com

diversification; constantly looking out for new opportunities, new challenges, expanding and further integrating the existing operations. The Group has over 10,000 employees of all categories and cadres both in the factories and Corporate Office. Congenial work atmosphere prevails in the Company and industrial relations continue to be cordial and smooth throughout.

The reasons for the Group's success are many such as state-of-the-art and innovative technologies and machinery, stringent quality control measures to ensure products confirming to International standards and a total commitment to customer satisfaction as well as most cost effective machinery and processes. The Group's business strategy has been successfully applied for synergetic growth in the core areas. This includes backward integration in related areas and the use of state-of-the art technology with global standards. Projects taken up by group are implemented within the time and costs. The group uses time-tested technology and absorbs them in all its projects. It has been the practice to locate and source technologies that can automate unintelligent tasks, and thus ensure consistent and sterling product quality. This spells high level of human skills, equipment, safety and most importantly technology that converts raw material to produce at competitive costs³¹.

Social responsibility is the bedrock of every venture that Sanghi group has taken up. The Sanghi Nagar at Hyderabad and Sanghipuram in Kutch has full-fledged townships with all amenities like medical, educational facilities, drinking water, transport facilities etc. to cater to the needs of not only the residents but also the neighboring villages³².

³¹.www.sanghigroup.com

³².Ibid.

Ramoji Rao is an entrepreneur who has set standards in the print, television and the film industry. This media baron has also left a mark in the Chit Fund Industry through his Margadarshi Chit Fund. Well, who can forget his very old 'Priya Pickles' which is still in everyone's lips even today? But it is his venture into the media that has made him one of the most powerful persons in the state. It was in 1974, that he started EENADU, a Telugu daily from Vishakapatnam, it was an instant success followed by many editions of the newspaper in different places. Later he diversified his group into food products, hotels, financial services, advertising, handicrafts etc. Ramoji Rao entered the field of film production in 1983 by establishing Usha Kiron Movies. He produced films like Pratigatana, Mayuri and Sitara which were super hits³³.

D.V.Manohar is a first generation 'The multi-faceted entrepreneur' and founder Chairman of the Shri Shakti Group. He is the first generation entrepreneur, come from a family of government official. He broke the tradition of searching for govt employment after finishing academics. In 1975 he started his first enterprise under the self employment scheme, borrowed a small amount of capital from AP State Financial Corporation. He started his entrepreneurial journey by establishing a tiny industry. Later he raised some more capital and set up second and third and so on and many³⁴. Now Shri Shakti Group concerns include several well known names such as Shakti Gas, Shakti Cylinders, Ramada Hotel Manohar, Family World, Shri Shakti College of Hotel Management, Chirec Public School, etc³⁵. He says that the spirit of entrepreneurial bug always stimulated him to do some thing on his own. People not known that they also have the spirit. One must have perseverance. It is most important thing that is required in any entrepreneurial career.

³³.ReachoutHyderabad.com

³⁴.See appendix -1 for detailed interview of D.V. Manohar.

³⁵.<http://www.shrishakti.com>

Rajeev Reddy Country Club India Limited (CCIL) started its operations under the banner of Amrutha Estates in the year 1981. Amrutha Estates was one of the leading real estate development companies in the 80's and 90's in South India. The Amrutha Group is a Rs. 300 crore company with interests in property development, hotels and clubs. Its CMD Rajeev Reddy is a man in a hurry, to accomplish his dreams. Not just content with building castles in the air like the rest of us, he actually went ahead and modeled his hotel Amrutha Castle on the lines of a Bavarian castle, plumb opposite Hyderabad's Secretariat. As of now, Rajiv is full of his plans to make the flagship of the group the Country Club a nationwide chain as a series of franchise clubs.

After a successful foray into real estates with landmark ventures being built in the twin cities of Hyderabad and Secunderabad, Chennai and Bangalore the chairman of the group Mr. Y. Rajeev Reddy acquired the "Vilayat Manzil" the former palace of the Nizam of Hyderabad in 1989 and converted it into the present Country Club in Hyderabad. Presently Country Club India Limited with 25 operational clubs has been recognized by the Limca Book of World Records as the largest chain of family clubs in India. Half a dozen more clubs have been planned in the next year in different cities.

Basheeruddin Babukhan carried on the legacy of his father. He pioneered the construction of other multistoried commercial and residential complexes, town houses and land development projects. Standing testimony of their commitment to excellence are the Deccan towers, the Mogul court, the Babukhan estate, the Asafjahi Tower and the Babukhan Millennium Centre along with over 20 major projects that dot the city today. He was born in Hyderabad in 1941 and hails from a well-known family of

industrialists and businessmen of AP. He graduated from Osmania University (Nizam College), and joined the family business³⁶.

Besides being a businessman par excellence, Basheeruddin Babukhan has had an active cultural, social and political life. Having been associated with a number of social and educational organizations in various capacities, he founded the Hyderabad Education Academy with the vision of steering Indian youth towards economic prosperity. As a politician, he was elected as an MLA twice, in 1985 and 1994. In 1989 and again between 1994 –1998 he was a Cabinet Minister. He held portfolios of Higher Education and Major Industries, Tourism and Minorities Welfare respectively during these periods. His keen interest in social activities, promoting education and women empowerment programs has made him associate with numerous welfare organizations, either as a founder, trustee, and president or as a member³⁷.

The notable shift of business sectors could be observed from industry to knowledge based business of post liberal period in Hyderabad. The existing industries in public sector were either closed down or sold a way to private sector and new industries did not come. The state government negligence was also one of the factors for the set great set back of the industry sector. This neglect of industrialization was deliberate and at the instance of the World Bank³⁸.

After liberalization the government shifted its focus on providing Industrial infrastructure which is an essential backbone for the consistent growth in any economy.

³⁶.www.babukhan.com

³⁷.www.babukhan.com

³⁸.Rao, R.S; Rao, V. Hanumanta, Gopal, N. Venu. (ed.): *Fifty Years of Andhra Pradesh 1956-2006*, Centre for Documentation Research and Communication (CDRC) Hyderabad, 2007. PP-258.

The state government has initiated a set of prestigious projects that include industrial infrastructure, social infrastructure, infrastructure for the software industry and all dimensions of information technology industry. APIIC has the credit for having set up 275 industrial estates, but unfortunately most of them are practically non-functioning³⁹. However the business sectors that came in to lime are the IT, Pharma, Biotech, hospitals, infrastructure, retail etc in post liberal period.

The IT Era

Hyderabad experienced a major shift under the leadership of the then CM, Mr Chandrababu Naidu. His efforts in making Hyderabad the hub of IT industry and knowledge economy resulted in the city being known as Cyberabad. Satyam Computers was the first citizen of the Hyderabad IT industry. The company has grown from strength to strength and is the biggest employer in the city. In keeping with the Hyderabad shepherd-mentality several software companies came up, particularly during the dot-com, Y2K era. After Rama Linga Raju there were many entrepreneurs who came in to lime light and stood as successful business people like D.V.S Raju, Raju Koneru, etc. Most of these companies were body-shoppers sending half-trained programmers with doctored CVs, showing them dollar-dreams of USA. Many of them have bitten the dust today.

The progress of the Software Industry has resulted in the rise of another industry Business Process Outsourcing (BPO) in the last few years⁴⁰. The development of IT sector in Hyderabad has promoted substantially the ancillary business activities of IT such as BPOs, KPOs and Tele working industries within and abroad and helped to

³⁹. Rao, R.S; Rao, V. Hanumanta, Gopal, N. Venu. (ed.): Op.Cit. PP- 258.

⁴⁰. Dwijendra Tripathi, Jyoti Jumani: *The concise oxford History of Indian Business*, (Oxford University Press. New Delhi. 2008. PP. 213-214.

Hyderabad entrepreneurs to extend their tentacles at global level. This is expressively reflected in the turnover of the Indian software industry. There examples are illustrative of how liberalization transformed the atmosphere for Software companies.

Unlike other industries in IT, Hyderabad has a large number of MNCs operating. Microsoft and Oracle with their large development centers are big employers. There are several MNC BPOs in the city such as Dell, Gen Pact, HSBC, Deloitte etc.

The Pharma wave

After the liberalization policies Pharma sector became a promising sector for Indian entrepreneurs and the developments are going beyond the genomics and proteomics zones. The predominant feature of this business is Pharma business mushrooming around the IT service centers. As a result, many companies are based in southern part of India, viz. Bangalore, Hyderabad, and Chennai vis-à-vis and few companies in the north⁴¹.

Majority of the Pharma companies were established after 1980s and this period incidentally coincides with the initiatives started by the government during the 6th five year plan (1980-85) to set up a dedicated department of biotechnology and to nurture and promote biotechnology⁴².

The growth of Pharma companies gained momentum in the post-1990s. The first successfully Spin-off Company from the Indian institute of science (IISc), Strand Genomics, also emerged in this period. Majority of the health care biotechnology companies established in the post 1990s are private limited companies. Interestingly MNC subsidy like Eli Lilly, GlaxoSmith-Kline, Pfizer, etc. also gained entry during this

⁴¹.Parveen Arora; Healthcare biotechnology firms in India: Evolution, structure and growth(The entire article) *Current Science*, VOL. 89, NO. 3, 10 AUGUST 2005.

⁴².Ibid. *Current Science*. VOL. 89, NO. 3, 10 AUGUST 2005.

period. The reasons for the active participation by MNCs during this period could possibly be the signing of the WTO treaty by India coupled with the comparative advantages the country offers like cost, skilled man power, etc. in the healthcare domain⁴³.

The growth of Pharma firms has largely taken place in clusters. The result showed a large concentration of companies in four states namely Andhra Pradesh, Maharashtra, Karnataka, and Delhi. The state governments are giving a special thrust for the promotion of biotechnology cluster development by evolving liberal/favorable policies, including tax and excise concessions as well as the much needed venture capital support⁴⁴.

Predominantly Hyderabad emerged as a major centre for pharmaceuticals business with multinational standards. The pharma business can be classified in to two types 1. Bulk drug Business 2. Retail business. The Companies such as Dr. Reddy's Laboratories, Matrix Laboratories, Hetero Drugs Limited, Divis Labs, Aurobindo Pharma Limited and Vimta Labs being housed in the city comes under the bulk drug business. Initiatives by the government such as Genome Valley and the Nanotechnology Park are expected to create extensive infrastructure in bio-technology. Many of the biggest business magnets have not recognized and noticed a revolution that has begun in the pharmaceutical industry in India though the roots of this business can be traced back to the period much before the advent of IT industry in Hyderabad.

⁴³.Ibid. VOL. 89, NO. 3, 10 AUGUST 2005.

⁴⁴.Ibid. VOL. 89, NO. 3, 10 AUGUST 2005.

Hospital Industry.

Historically, hospitals were always run by charitable trusts or governments, those days have gone. The charity became so costly service which is running to-wards profits. Most charitable hospitals and even government hospitals have moved towards recovery of costs from patients, particularly expensive consumable and medicine costs. The growing capital intensity in medical technology requiring huge capital investments has been encouraged corporatization of medical care. The private nursing homes owned by the individual doctor entrepreneurs generated necessary investments from financial institutions and public institutions.

The corporate phenomenon in medical care in Hyderabad began with the establishment of a multi-specialty diagnostic centre (Medinova) with outpatient consultancy by a local pharmaceutical company in 1985⁴⁵. Prof. RamaKrishna. P says that the establishment of NIMS was the historical land mark in the history of hospital industry in Hyderabad. Where as the Corporatization of Hospitals started with entry of Apollo hospitals He disagreed that doctors are doing business. He says that professionals are deferent from business man.⁴⁶ This phenomenon stabilized with the establishment of Apollo Hospital in the state capital in 1989 by non-resident Indian (NRI) doctors from US. Professionals turned entrepreneurs came up with the characteristics of the clear vision and self-belief, team-based decision-making structure, the willingness to stretch and the ability to learn from their experiences.

⁴⁵. Narayana K.V: Changing Health Care System. *Economic and Political Weekly*, Vol. 38, No. 12/13 (Mar. 22 - Apr. 4, 2003), pp. 1230-1241Published by: Economic and Political Weekly Stable URL:

<http://www.jstor.org/stable/4413374>Accessed: 01/05/2009 15:02.

⁴⁶. See appendix-1 for detailed opinion of Prof. Rama Krishna. Dean NIMS, Hyderabad.

There were many private corporate hospitals which came up with the objective that of making business with health and set their identity and created their own business in Hyderabad. The element of enterprise replaced the service sector. Dr.Ramesh, Pratapa Reddy, SomaRaju, etc, became prominent in establishing the hospital industry. Many hospitals like Yashoda, Image, Usha Cardiac, Care, CDR, Medwin Hospital, Global Hospital, Kamineni Hospital etc started sharing the major business share of Hyderabad.

The efficiency of hospitals, run by the listed companies accountable to their shareholders, would be significantly higher than government hospitals or stand alone charitable hospitals⁴⁷. It must be emphasized that this is done without sacrificing the quality of medicine or patient care. In anyway all have been global out look in terms of adopting global standards, the best technology and are operating on a global scale. In fact, Reddy's success is now being emulated by others and we have recently seen the emergence of a new hospital chain like Fortis and Wockhardt.

Infrastructure Tide

Infrastructure business provided opportunity for many Hyderabad entrepreneurs and made them global leaders. As IT industry's gloss started fading, the Hyderabad entrepreneurs entered the booming power and infrastructure sector. Notable among the big players in power and infrastructure sector include Lanco Group, GVK, GMR Group, IVRCL, Nagarjuna and several smaller companies.

Mr. L. Rajagopal is the Chairman of the Lanco Group. He is the driving force behind the vision of the group and its expansion plan. A young technocrat and an

⁴⁷. Prof.Ramkrishna, See appendix-1 for details.

entrepreneur, Mr. Rajagopal started his career with construction business, soon after finishing his Bachelor of Engineering degree in 1986.

The establishment of the pig iron Factory in 1993 at Tirupati was the important milestone in his business career. The construction of the Tehri Dam in 1993-1994 taught the good lesson to tackle the local problems⁴⁸. He says positive attitude, patience and determination are the key ingredients of his success. From running a successful construction business, he has been instrumental in formulating the group's diversification strategy to make it a strong US\$ 350 million asset-base company⁴⁹.

G.M. Rao a mechanical engineer is the founder chairman of GMR group-Infrastructure major. The group is well diversified and professionally managed with focus on business verticals of airports, energy, highways and urban infrastructure including SEZs, apart from interests in agri-business. He born on July 14th 1950 in a small town of Rajam in the Srikakulam District of Andhra Pradesh. He started his career as a jute manufacturer and transformed in to what could become India's first global infrastructure player of India⁵⁰. A visionary businessman G M Rao, recognized the huge business potential in entering the infrastructure space with the opening up of the power sector in the 90s in India. Within a decade, he successfully established three greenfield power plants in the country, one each in the state of Tamil Nadu, Karnataka and Andhra Pradesh. Under his guidance, the Group is now developing several power projects in various parts of the country and is expanding its activities to other countries also⁵¹. He sharpened the companies focus by dividing into four groups –Air ports, Urban Infrastructure and Highways, Energy and Agri Business, Corporate and Internal Services;

⁴⁸. Interview in Andhra Jyoti Magazine; 16th march, 2008

⁴⁹. visit; - Lanco web pages.

⁵⁰. *Business Today*, October, 21,2007, PP-143.

⁵¹. Reachout Hyderabad.Com; Reachouts News bureau oct-2008.

and appointed professional CEOs for several of his projects to drive growth. He says *they want to become global Infrastructure players*⁵². The notable thing from the GMR is one of the few companies to have a family constitution in place. He says *the family is at the centre of our organization and our values are incomplete without this Piece. We spent around 560 hours and 60 days putting together this family constitution. Six months back, we all (family members) singed it. The document deals with succession planning, the economic benefits that will accrue to each member, rules of conduct, conflict resolution and entry of next generation(and exit) in to the business*⁵³.

Real estate, an offshoot of the construction business, is also fairly big in the city. The city Hyderabad saw a huge construction boom. Maytas (a company belonging to the Rajus of Satyam), IVR Prime, NCC, Prajay and several small builders have built a sizeable business in and around the city. Several of the construction companies have also entered construction and operation of retail malls.

Retail Industry

The organized retail industry in India had not evolved till the early 1990s. Until then, the industry was dominated by the un-organized sector. It was a sellers market, with a limited number of brands, and little choice available to customers. Lack of trained manpower, tax laws and government regulations all discouraged the growth of organized retailing in India during that period. Lack of consumer awareness and restrictions over entry of foreign players into the sector also contributed to the delay in the growth of organized retailing.

⁵². *Business Today*, October, 21, 2007, pp-143.

⁵³. *Business Today*, October, 21, 2007, pp-147. (Interview taken by the BTs Rahul Sachidanand).

Liberalisation policies not only impacted the Industry but also the trade sector. The visible impact could be seen in the retail business in Hyderabad. Foundation for organized retail in India was laid by Kishore Biyani of Pantaloon Retails India Limited (PRIL). Following Pantaloon's successful venture a host of Indian business giants such as Reliance, Bharti, Birla and others are now entering into retail sector.

A fast developed educated middle class in Hyderabad have influenced by the western life styles. The growing contact with the west and modern life styles of Hyderabad huge middle class base and its untapped retail industry are key attractions for the fast development of retail business in Hyderabad; driven by changing lifestyles, strong income growth and favorable demographic patterns

A number of factors are driving Hyderabad towards the retail market. These include: increase in the young working population, hefty pay-packets, nuclear families in urban areas, increasing working-women population, increase in disposable income and customer aspiration, increase in expenditure for luxury items, and low share of organized retailing. The retail boom in India is manifested in sprawling shopping centers, multiplex- malls and huge complexes that offer shopping, entertainment and food all under one roof.

The newly developed economic environment in the post liberalization period has pulled the new entrepreneurs into a retail business. Consequently, a chain of retail stores and super markets have come up in the recent years. Kishore Biyani showed the way by launching Pantaloon Retail (India) in 1992; a host of others followed such as lifestyle, Shopper's Stop and Piramyd. The consumer started spending high on retail shops which profits becoming double. A handful of super markets, departmental stores have been set up in the city. The response was quite encouraging with the availability of

all other home needs under one roof rather than moving from shop to shop. Many of these super markets have come up on the Koti, Abids, Ameer Pet, Kukat Pally etc which are the important places in Hyderabad, City Plus, Trinetra and Sbhiksha, are flooded in to the city.

To conclude Hyderabad business enterprise passed through many phases as we have gone through the previous chapters. The major shift in the Hyderabad entrepreneurship could be observed since independence. There were many changes which took place in the industrial sector. The share of public entrepreneurship grew rapidly during this phase in Hyderabad. The private business enterprise witnessed its beginning despite of many hurdles. The existing politics, the land reforms in 1973, the surplus amount procured by the wealthiest communities of coastal Andhra and their children's foreign education, enough encouragement from the government by establishing industrial estates in Hyderabad and the introduction of financial institutions made Hyderabad the biggest business hub.

During the pre liberalization phase the land owning communities from Andhra debuted entry in to the entertainment industry and opened new vistas in the Hyderabad business. Moreover the introduction of the financial institutions made it easy to procure the investment capital. Nevertheless this period was considered by the scholars as a golden for the industrial business of Hyderabad. The Industrial capitalism emerged from the agrarian change and the peasants, the indigenous business class / castes of India (the Marwaris, Gujarat's and Parts of Western India, The Chettiars, Kammas, Raju's and other middle castes of southern India and Newly emergent groups in Punjab and among the Maratha Chister in Maharashtra) have no parallel communities in the magnetic plain. Moreover the Andhra region local business communities have emerged to

advance the process of capital development economically and politically. Hyderabad city provided good opportunities for them to rest their fate as entrepreneurs.

Chota Tatas and Birla's started spreading their tentacles in the industrial sector during the preliberalisation. Stall warts like Rama Krishna (Uyyur group) Harischandra Prasad and the TGL group of Kurnool provided the base for the corporate culture to set in. Some of the old established companies still maintained their hold on their business during the 70s and 80s. For instance VST an old established company with its Charminar brand of cigarettes was still remained as a prominent company. But there were many old reputed companies which were closed because of various reasons and many new business groups came in to lime light with the family and caste backing. These groups which created a new wave in the Hyderabad business mostly were technocratic, innovative, knowledge based, profit oriented and multifaceted entrepreneurs. KVK Raju Nagrjuna group, Pennar Group, Sri Girish Sanghi Sanghi Group, RamojiRao Ramoji Group, D.V. Manohar Sri Shakti Group, Rajive Reddy Amrutha, Bashiruddin Babu Khan, Reddy Labs etc are notable among them. They came from diversified fields mostly from agriculture and started doing their experiments with the Hyderabad business and in-roaded in to the IT, Pharma, Hospital, Real Estate, Retail business in Hyderabad and opened new vistas and reached their heights after Liberalization.

Important business centers



Koti



Abids



Ameerpet

CHAPTER - IV

INFORMATION TECHNOLOGY IN HYDERABAD

This chapter aims at general presentation of the development of the IT Industry in Hyderabad keeping in view of the global trends, national policy making and the economic environment of Hyderabad of the pre and post liberal period. The notable feature of this century is the fast growth of Information Technology. In view of the fact that today communication and technology became part of our lives without these it can not be imagined any activity for instance using mobile phones, internet, banking, E-governance, etc are playing most effective role in every country. The change of the communication and technological environment particularly started with the invention of the microprocessor in the early 1970s and has been showed an explosive growth in the demand for software industry. Then onwards the trend could be observed as the widespread use of more powerful and inexpensive computers in various activities. Further the growth of trade liberalizations in various countries, spreading technological innovation, improving communication revolution and the increasing flow of foreign direct and portfolio investment across the borders¹.

Recently no IT business limits its growth with in its national boundaries; travelling across the border because capital, labour, management and information, all are freely transportable among various countries. In other words the world trade is growing as more and more as trade restrictions are being removed. In India there were many policy making factors and the scientist's efforts contributed a lot for the

¹.Manab Adhikary: *Global Business Management in an International Economic Environment*, (Macmillan, India ltd, 2001).PP-1-2.

promotion of this IT sector prior to the period 1990. The roots can be traced back from 1950s where Homi Jahangir Baba² and Mahalanobis³ took a true initiation for the promotion of IT from the middle of the 1950s. And in the 1960s the great scientists Sarabhai and Menon developed this sector up to the satisfactory level. Later in 1970s the Electronic Commission has concentrated on this area. Further the business environment in India has undergone significant changes since the mid-1980s.

Prior to the 1984 the policies were affecting the software industry were made within the confines of a highly-regulated, state dominated, with inward looking economic strategy that had been in place since the 1950s. There was hardly any software industry to speak of and the few efforts made to promote exports by permitting the import of hardware in exchange for a guarantee to export a certain amount of software, proved ineffective. There were two significant milestones in promoting IT sector prior to the 1990s was the establishment of (TIFRAC) Tata Institute of Fundamental Research and Computer at Bombay by Homi Jahangir BaBa. In 1945, he became director of the Tata Institute of Fundamental Research. TIFRAC (Tata Institute of Fundamental Research Automatic Calculator) was the first computer developed in India at the Tata Institute of Fundamental Research (TIFR) in Mumbai. Initially TIFR was developed a Pilot Machine in 1950s. It was started in 1955 and commissioned in November 1956. The full TIFRAC machine was in use in the early 1960s (until 1965). It was started in 1957 and commissioned in February 1960. It included 2,700 vacuum

². Homi Jahangir Bhabha, FRS (October 30, 1909 – January 24, 1966) was an Indian nuclear physicist who had a major role in the development of the Indian atomic Energy program and is considered to be the father of India's nuclear program. In 1945, he established the Tata Institute of Fundamental Research in Bombay,

³. Prasanta Chandra Mahalanobis, was an Indian scientist and applied statistician. He is best remembered for the Mahalanobis distance, a statistical measure. He founded the Indian Statistical Institute, and contributed to the design of large scale sample surveys.

tubes, 1,700 germanium diodes and 12,500 resistors. It had 2,048 40-bit words of memory. Both machines were early adopters of ferrite core memory⁴. Further the Indian Statistical Institute (ISI) which belongs to the P.C. Mahalanobis speed up this sector⁵. From 1960s onwards it is developed as an industry and became as a big business and the companies established like IBM, ICL, ECIL, etc.

TaTa Consultancy Services was set up at the initiative of J R D Tata in 1968 as the first software company in the country. Most of the software companies formed during the 1970s and 1980s experienced similar spectacular growth. Infosys Technologies, Bangalore, Offers the best illustration. Infact the real push to the force of change came with a great emphasis on technological progress to enable India to enter the twenty first century well equipped to face international competition. Govt visualized India it would be a major global player instead of closed cloistered economy behind the walls of protection. This could be achieved only by liberalizing the economy by liquidating the license permit –Raj.

Things began to change in 1984 and the period till 1990, the next phase of the policy regime, saw a liberal shift in the policies affecting the computer industry. The Computer Policy of November 1984, announced, recognized software as an industry, making it eligible for investment allowance and other incentives. The policy also lowered duties on software imports, and made software exports a priority. The 1984-liberal Policies did a greater job in promoting computers in India. This policy mainly aimed to enhance the foreign currency reserves, Liberalization, avoiding the restrictions on imports, giving importance to computers rather than giving importance to the local

⁴. Home of Tata Institute of Fundamental Research Automatic Calculator (TIFRAC)

⁵. www.profiles.incredible-people.com

made products, Liberalization of software Exports, establishment of Software technology Park in 1984. This policy gave good results within two years which it increased to 60% from the 20% traditional growth rate of earlier. And it also gave confidence to liberalize other sectors also.

The Computer Software Export Development and Training Policy (TCSEDTP) of December 1986 was another significant move in this direction, explicitly aimed at increasing India's share of world software production and the means to do this was the 'flood in-flood out' feature: Indian entrepreneurs would be provided liberal access to the latest software and software tools so that they could enhance their international competitiveness and exports could have a higher value-added content. Moreover 1986-Software Export Policy enabling that the skillful human resources are the strength to the Indian economy and aimed to protect them by liberalizing all the exports and imports. It also considered availability of skilful resources at low rates would help for the speedy development of our economy. It also lifted the restrictions on software and any computer imports; it also lifted the restrictions on local made exports which would help in promoting the computer sector.

More so in the last phase the establishment of Software Technology Parks, Macro Economic Liberalization -1991-95, IT task force and National Telecom Policy(NTP)-1998 brought Indian IT business in to the global business. The first two budgets of his government bore ample proof of this. Taxes and tariffs were lowered; as many as twenty five industries were taken off the list requiring licenses, restrictions on productive diversification were relaxed, when it comes to the IT sector under the

leadership of Sam Pitroda⁶ who brought in young software professionals to provide the necessary boost to information technology.

After the collapse of Soviet economy in 1990, the world started experiencing many rapid changes in its economic activities. Predominantly the world made a rapid transition from an Industrial to a knowledge based economy. Predominantly the far-reaching utilization of computers redefined the world economy future. It strengthened the service sector noticed astounding growth fuelled by the explosive demand for knowledge intensive services consequently the activities in which information technologies particularly the internet play the role of enabler.

The Indians IT entrepreneurs in the US were able to encourage US companies to tap the human resources available within Indian itself⁷. The high quality secures reliable and inexpensive telecommunications are available between India and the US and other foreign destinations, it is not necessary for Indian engineer, physically to be present in the US. Work can be done in Indian and delivered over telecoms to clients in the US. Two-thirds of the output by price of India's IT and software companies is destined for export. One-thirds is for internal consumption in government and enterprise.

⁶. **Satyanarayan Gangaram Pitroda**, better known as Dr. Sam Pitroda is an inventor, entrepreneur and policymaker. Currently chairman of India's National Knowledge Commission, he is also widely considered to have been responsible for India's communications revolution [2] He is the Chairman of World-Tel Limited, an International Telecommunication Union (ITU) initiative. He holds many key technology patents, has been involved in several startups, and lectures extensively around the world on management, governance and the implications of communications and information technology. He is the founder and CEO of C-SAM, Inc, which has developed a suite of patented mobile transaction technology called One Wallet. In 1984, Mr. Pitroda was invited to return to India by the then Prime Minister Indira Gandhi. On his return, he started the Center for Development of Telematics (C-DOT), an autonomous telecom R&D organization. In 1987, he became advisor to Mrs. Gandhi's successor, Rajiv Gandhi and was responsible for shaping India's foreign and domestic telecommunications policies. He is largely considered responsible for the telecommunications revolution in India and specifically, the ubiquitous, yellow-signed Public Call Offices (PCO) that quickly brought cheap and easy domestic and international public telephones all over the country.

⁷. Chowdary.T.H: Information Technology for Development Necessary Conditions; Economic Political Weekly, Sept 21, 2002, PP- 3886).

The most visible effect could be seen on the general industrial scene. New industries not existing before liberalization have come to the fore-front and existing industries have become more productive and competitive. Many industries now started producing goods and services that had virtually no domestic demand earlier; of these, information technology and allied industries have dominated most spectacular rise. The rising fortunes of the IT industry attracted many entrepreneurs already engaged in some other lines these were Azim Premji wipro and ShivNadar's Hindustan Computers Limited (HCL). These success stories encouraged Entrepreneurs from Hyderabad to launch IT- related enterprises. One of these was B.Ramalinga Raju who moved away from the family business of cotton spinning and set up Satyam computers in 1992 and propels it on to the global stage high-capacity satellite link.

Setting an export target of \$50 billion by 2008 for software and IT- related services, the Task Force made 108 recommendations broadly relating to improving bandwidth availability and telecommunications infrastructure, fiscal incentives and expanding IT usage to ensure 'IT for all by 2008'. In 2000, the government passed the Information Technology Act⁸ to legally recognize electronic commerce and to facilitate electronic filing of documents with public agencies. In addition to national policies, in recent years at least 18 provincial governments have announced their own IT policies, to attract IT investments and to encourage IT proliferation by focusing on e-governance, IT education, etc⁹.

Since its beginning its markets were predominantly overseas such as in the US, Western Europe and Japan. Indian engineers and scientists lacking opportunities within the country went to the US attained proficiency and experience and importantly even

⁸. Details of the Act can be found at www.indiacode.nic.in.)

⁹.The policies of most provinces can be found at www.nasscom.org.)

business enterprises. They were very successful in the US, first as employed professional and then as entrepreneurs themselves. India has gained a brand name for excellence in IT.

Apart from the entire above historical favourable environment there are some essential conditions helped to promote this sector as a biggest business sector. The essential conditions for Indian enterprises are successful in the competitive international IT markets. The canvas of the IT enabled services like call centres, say on insurance or building loans, bank account, or tourism for market anywhere in the world. Moreover the IT industry requires engineers and masters in computer applications, IT - enabled services require English-speaking graduates with PC skills. Any graduate can be turned into an IT-enabled services employee with in six months and India has millions of such people coming out from the universities every year.

The wider social transformation and change of the character of the politics towards the economic development led to drastical changes in Indian business sector. From 1980 and 90s, on wards continuously governments came up with its liberalization policies. The 1984 computer policy opened shatters for new economic policies towards the development of IT sector further, 1986 software export training policy, 1991-95 Macro Economic Policies, Liberalization Policies, establishment of Software Technology Parks (STPs), 1998 National IT taskforce, National Telecom Policies are the important milestones in promoting this sector and brought international character for Indian business in all spheres of Indian economy.

During the post liberalization period there was a widespread recognition for the E-governance and other means of using technology to improve socio-economic

conditions. More over this period also witnessed many initiatives to launch a new phase of the policy regime, to take advantage of the internet revolution and to overcome the limitations facing the software industry. In 1998, the Prime Minister established a National Task Force on IT and Software Development, with representatives from the government and the industry, to make recommendations to transform India into an IT superpower¹⁰.

Thus the post liberalization phase witnessed remarkable changes in Indian business sector. Especially the south India came far ahead with new openings of knowledge based business. The cities of south India, Chennai, Bangalore, Hyderabad knows as “Silicon triangle” rivalled the Silicon values in California. Among this “Silicon Triangle” the Bangalore city is far ahead comparing with other two cities from south India¹¹.

¹⁰. www.it taskforce.nic.in/

¹¹. Nirpam Bajpai, Navi Radjou; Rasing Colobal Competetiveness of Tamilnadu IT Industry, *Economic Political Weekly, (EPW)*– February 5, 2000 PP – 449)

IT-INDUSTRY IN HYDERABAD

The business environment in Hyderabad has undergone many changes after 1990s. The global opportunities and the social, economic, political environment, technological advancement and availability of skilled human resources in Hyderabad have propelled the Information Technology sector. It opened new vistas in Hyderabad business where it has immense potential for the growth Hyderabad business. The large pool of scientific man power and strong commitment of the state government promoted this industry. The wider social transformation and change of the character of the politics towards the economic development led a drastical changes in Hyderabad entrepreneurship. A great thrust showed by the new entrepreneurial aspirants in the nineties which helped for the growth of software industry. The notable shift could be observed in this period is that the shift of entrepreneurship from traditional to knowledge based entrepreneurship, the initiation taken by Ramalinga Raju, which revolutionized the Hyderabad entrepreneurship and reached its heights at the global level.

After 1990s Hyderabad became a home to some of the best fortune 500 global corporations the Microsoft started its development centre in Hyderabad which is its largest product development centre outside the headquarters in Redmond, USA. Computer Associates, GE, IBM, Samsung, Deloitte, Oracle, Yahoo, Dell, Franklin Templeton, Ness Technologies, Qualcomm, Agilent, ADP, Bank of America, CSC, Verizon, Info Spoke, Converges are some of the other fortune 500 companies that have significant presence in Hyderabad. Honeywell was also started plans to open up a new R&D centre at Nanakramguda, outskirts of the city.

Indian IT Giants such as Satyam, Infosys, Wipro, Tata Consultancy Services, Polaris, Info-tech, Apollo Health Street, Zavata Inc and Mayur's group of industries also have set up their development centres in the city. Sonata Software plans to open its new development centre at Gachibowii. Another mega project was also in proposal, providing semiconductor fabrication facility to be built by a consortium of companies, Intellect Inc and Sem India, called Fab City.

The establishment of HITEC City was a notable factor for the promotion of IT business. It stands for the Hyderabad Information Technology Engineering Consultancy, a technology township in Hyderabad, India. The HITECH city has already attracted multinational software giants like IBM, Microsoft, GE Capital, Toshiba, and Oracle and Indian companies like Satyam Computers and Wipro. An earth station has come up in the township which links Hyderabad to the five continents of the world. The development of a township with state-of-the-art facilities called HIT- EC City prompted several IT and ITES companies to set up operations in the city. A hostile support of expansion in this area has led civic boosters to call the city 'Cyberabad'. City became a notable place for it's IT and IT Enabled Services like Call centres, Business process outsourcing (BPO, KPO) firms, dealing with IT and other technological services. Most of these were set up in the 1990s making Hyderabad as one of the major IT hub of India. Hyderabad has also been referred to as the second Silicon Valley of India next to Bangalore. After 1990s there have been extensive investments in digital infrastructure within the city promoting the setting up of several campuses by a vast array of companies within the city. This list includes several multinational corporations having established their development centres in the city. The major areas where such campuses have been set up are Madhapur and Gachibowii.

The Software Technology Park of India (STPI) came to Mytrivanam created its own advantage for IT business in Hyderabad. During the post liberalization era, Govt. policies have acted as a catalyst and facilitated the growth of IT exports. Establishment of the Software Technology Park Scheme in 1991 has been a step. STPI's role began in the government's shadow and it was more of an entrepreneurial role of working directly with software companies and working like a corporate. However, this did not mean that STPI functioned like a typical government department. The role of STPI was more of a service provider that could be leveraged by software companies.

The concept of STP Scheme was evolved in 1991 and enunciated the following objectives:

- To establish and manage infrastructure resources such as Data Communication facilities, Core Computer facilities, Built-up space and other common amenities.
- To provide 'single window' statutory services such as Project approvals, import certification software valuation and certification of exports for software exporters.
- To promote development and export of software services through technology assessments, market analyses, market segmentation and marketing support.
- To train professionals and to encourage design and development in the field of software technology and software engineering¹².

Mytri Vanam became an important destination for the software professionals located at Ameerpet in Hyderabad city. It is just like a springboard where IT professionals can go to US, Singapore or to Silicon Valley from here; which always it opens its doors to IT professionals. Many software engineers would come here from

¹². www.hyd.stpi.in

abroad and from other states like Bangalore, Poona, Orissa, Noida and Chhattisgarh, to update new courses where they can get at cheap rates. Oracle9 course costs around Rs. 20,000 in Poona but in Ameerpet it available at Rs. 2000, Testing Tools costs around Rs.10, 000 in Bangalore but in Ameerpet it costs round Rs.500. Approximately 25,000 students go to classes. There is a general estimation that annually 300 crores worth business going on here besides some other ancillary business. The training available here for the IT related sectors like AT KaTe, Animation, Hardware, Call Centre Training, Medical Transcription etc¹³.

It can not be denied that the contribution of government for the development of computer software industry in Hyderabad. Govt formulated an appropriate policy frame-work and provided the necessary infrastructure facilities. Investment procedures have been streamlined to expedite the establishment of new ventures. At the same time a liberalised economic environment has offered to attract advanced technologies from overseas and expand exports to finance the process of technological development. Especially for the capital city Hyderabad, a great thrust has been given during the 1990s. The software industry developed world-class IT infrastructure, including broadband digital connectivity, developed education and research institutions to make Hyderabad a premier IT education centre in India and the software Technology Parks (STP) of India, Hyderabad unit was also set up in 1991-92. A number of Multinational Corporation has set up their offices in Hyderabad. An Indian institute of information Technology (IIIT) was started in 1998, software giants like Metainor, IBM, Signal tree, Oracle, and Satyam have started their faculty chair in this institute Motorola has a

¹³. Place visited and collected information.

school affiliated to the IIIT. For Microsoft, Hyderabad will be its seemed software development centre outside the US¹⁴.

The Government of Andhra Pradesh has identified IT as one of its major growth engines and that it shall play a significant role in achieving its polices objective like economic development. It can not be denied that the real encouragement given by TDP government for the promotion of IT business in Hyderabad. It was well known truth that the major portion of the World Bank Funds he spent on infrastructure in Hyderabad City. TDP Government came to power in 1994 election. Since that time he concentrated on the development of non traditional sectors like Information Technology, Tourism and infrastructure. He made Hyderabad as gateway for the global business and fabricated the Hyderabad city as the resourceful hub for new enterprises and put many efforts to wipe out all apprehensions at all possible levels. The government has provided land for the HITEC city, while the finance investments have been made by Larson and Turbo. Even in the case of High speed digital networks, companies like Reliance are bringing in their own resources for setting up the Network. The Government Played a crucial role in facilitating by defining a right way policy that permits speedy implementation of telecommunications projects. Moreover the world leaders, like Bil Clinton, BilGates, Tony Blair, and Visited Hyderabad in his regime enhanced the chances of private sector enterprise especially in Hyderabad.

After the liberalisation the business trend shifted from industry based entrepreneurship to the knowledge based entrepreneurship in Hyderabad. The knowledge based industries got prominence with enormous potential in Indian business are IT Industries and Pharmaceutical Industry. Entrepreneurship in these areas has

¹⁴. Ramachandraiah. C: Information Technology and Social Development , *Economic Political Weekly* (EPW) vol 38, NO. 12/13 (March 22- April 4, 2003) PP – 1992 – 1197).

every chance to enhance and create wealth. IIT's have produced many distinguished persons in the field of information technology like Narayana Murthy, Ramalinga Raju has the distinction of producing successful businessmen in information technology, specialization in Hyderabad IT field has witnessed unprecedented growth with many successful enterprises, recording annual growth rates never seen before in the India Industry this industry has been a big paymaster and has attracted students from every discipline including life sciences and people who have trained in diverse field as Aeronautical Engineering, Molecular Biology, Civil Engineering, have opted to move into information technology industry.

Most of the Software Companies established in 1970's and 1980's, experienced spectacular growth, Infosys Technologies at Bangalore, offers the best illustration led by N.R. Narayana Murthy. He has no money to mount a business enterprise and the experience to run it belonging to a South India Brahman Family and the son of a School teacher the leader of the group an Electrical Engineer by training had started his career as a system analyst at the Indian Institute of Management (IIM A) Ahmadabad. In March 1999, Infosys Technologies became the first Indian Company to be listed on an American stock exchange.

The enhancing qualities of life and providing good governance to its citizens, existence of world class institutes such as Indian School of Business (ISB) and International Institute of Information Technology IIIT's has enabled the Hyderabad to meet the demands for highly qualification managerial and technical talent. More than 15000 IT professionals are trained annually in State especially more in Hyderabad to Join to IT work force. The Hyderabad has emerged as a preference investment destination to BPO and KPO Companies and it has companies ranging from services to

Application, technology to R & D design to fat, telecom animation and gaming. Companies like Microsoft TRM, Motorola, Oracle, Computer Associates, DELL, GE, HSBC, Deloitte, Nokia, Qualcomm, Converges, Google, Satyam, Infosys and Wipro setup their operations in Hyderabad.

Hyderabad based IT Companies like Satyam Computers, and Infotech Enterprises have setup operations even in the USA. Satyam Computer's subsidiary System Info-way has become the Second Indian Company to be listed on the NASDAQ. The Number of software companies in A.P, has rose just from 15 units in 1992-1993 to 1086 in 2004-05. The state accounts 23% of Software professionals from India in the United States as per NASSCOMI'S Survey in 1998¹⁵. Infrastructure developed by the state government for IT includes the Hi-tech City and Hardware Park being built at Shamshabad.

Against 31 units registered with the STPI-H in 1995-96, the number of companies enrolled with the park had shot up significantly to 1,206 units in 2000-2001. The total number of companies registered with various software technology parks in the country had gone up to avail themselves of the concessions extended to these units. For instance, during the IT sector and dotcom boom this number rose from 194 in 1998-1999 to 977 in 1999-2000¹⁶.

But from 2001-02 on wards the IT business in Hyderabad started facing serious set back which affected the new entrepreneur's entry in to this sector. About 229 companies have been de-listed in the financial year 2002-2003 (since they are non-operating) by the Software Technology Parks of India-Hyderabad for not reporting any

¹⁵. Rishi Kumar.V: *Business Line*, Internet Edition May 15th 2003.

¹⁶. Ibid.

commencement of work, according to the Director of STPI-Hyderabad, Col M. Vijay Kumar¹⁷.

As per the senses reports, Commissionarate of Industries Chirag Ali Hyderabad, there were 3 companies registered with Rs.5.7 crore investment in 1991 especially in Hyderabad, further it increased up to 53 companies registered with Rs.183.41 crores investment in 1998-99, 85 companies with Rs.277.62 crores in 1999-2000 and 77 companies with Rs.192.36 crores in 2000-0. Just two-three years ago software services companies made to be in line to register with the Software Technology Parks of India (STPI) to avail themselves of I-T concessions, but the situation has changed dramatically over the last year(2002) or so due to the general slowdown and specifically in the technology sector.

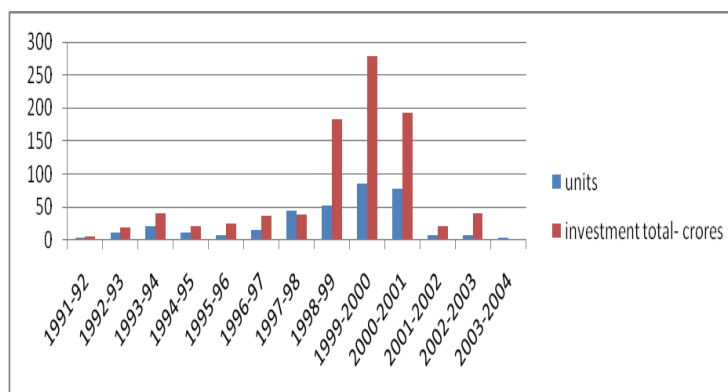
¹⁷. Ibid.

Table-4.1

Hyderabad-IT-1991-2004

Year	No of Units	Investment in Crores
1991-92	3	5.7
1992-93	11	18.51
1993-94	22	41.07
1994-95	12	21.68
1995-96	8	25.78
1996-97	15	37.63
1997-98	44	39.69
1998-99	53	183.41
1999-2000	85	277.62
2000-2001	77	192.36
2001-2002	8	21.89
2002-2003	8	41.09
2003-2004	4	1.99
Total	350	908.42

Note; - The above mentioned data have taken registered Companies only from Hyderabad city
(not taken from entire Ranga Reddy District)
which it enables a General Trend of the IT business in Hyderabad.
Source; - Commissionarate of Industries, Chirag Ali, Hyderabad.



Graph: 4.1

Post 1991-Hyderabad-IT- Source: - Commissionarate of Industries, ChragAli, Hyderabad.

Against 1,320 units in 2001-2002, 755 companies were described as operating units and the rest were registered and under pipeline. And in the fiscal ended March 31, 2003, the number of operating units was 820 out of total 1,401 registered with the park.

Since about 229 units out of 1,401 registered units did not report any business, they were classified as non-operating and all of them have been de-listed from the park, Col. Vijay Kumar said¹⁸. IT spending is projected to be flat in the near and mid-term and there is consolidation in the industry. With changes in the business, many companies are re-inventing their business models while the existing players are gradually strengthening and consolidating business. Therefore, some of the new entrants are under pressure and this could be one of the reasons for many companies not commencing operations," he explained.

Despite of many ups and downs in Hyderabad business, the socio economic political changes helped the rise of a new class of businessmen. The roots of the many of the entrepreneurs can be traced back from the rural Andhra. The capitalist farmers' class of this region moulded the advantages of the existing business environment. The emergence of this class is explained by reference to the convergence of several historical processes: the development of a productive and commercialised agrarian economy in the late nineteenth century and the emergence of a 'rich peasant' class, the integration of town and countryside, an early interest in education on the part of the rural elite, the politicisation of caste identity and, later, the green revolution and land reforms. High productivity and profit rates in agriculture have contributed to the development of capitalist tendencies in the system of agricultural production, and the 'capitalist farmers' are accumulating surpluses which they seek to invest in ever more profitable enterprises. The result has been a pattern of urban migration and economic diversification among the rural elite which, over several generations, has produced the

¹⁸. STPI-H

new urban business class¹⁹. Mostly Rajus from khatrias', Kammas and Reddys from the sudra castes acquired power in terms of consolidation, which helped to strengthened their profits.

Satyam

The success stories of IT entrepreneurs encouraged and attracted the new entrepreneurial aspirants to Launch IT related enterprises in Hyderabad. One of these was B. Ramaiah Raju born in a successful agrarian family in Godavari delta from where his father moved to Hyderabad in 1962 to become a pioneer in viticulture. He encouraged fellow Rajus to invest in land in the northern suburbs of Hyderabad and their agribusiness initiative made the outskirts of the city a well known area for growing the Anas-e-shahi and Themson Seelden varieties of table grapes. Initially he was a spinning mill owner later a real estate baron, and now a software entrepreneur whose company SATYAM moved away from the family business and setup Satyam Computers in 1992 as a small software house. He has shifted from body shopping & providing contract services to its present status of software solution provider, world wide and propel it on to the global stage through a high capacity satellite link. Satyanarayana Raju has branched out into real estate by setting up Satyam, hence Satyam constructing which a decade ago morphed into Maytas Infra. Even back then, the art of cultivating politicians was a lesson that he would pass on to his sons.

The young Raju graduated from the pre-privileged Andhra Loyola College, Vijayawada with a B.com degree in the mid-70s. The father sent him Ohio State University to do his MBA. He returned in 1977 and plugged into the promising real

¹⁹. Carol Boyack Upadhyaya; Author(s): The Farmer-Capitalists of Coastal Andhra Pradesh, *Economic and Political Weekly*, Vol. 23, No. 27 (Jul. 2, 1988), pp. 1376-1382.

estate sector, lunching Dhananjay Hotels and putting up two of the earliest highnesses in central Hyderabad and also Satyam spinning and weaving mills. He showed early vision and entrepreneurship by expanding rapidly, getting residential project as well as getting involved in trading through Satyam Impex, a company dealing in exports of shoe upper granite and other products.

Satyam construction became a cash cow; it fuelled his true ambition to create an Independent enterprise that would ensure fame and fortune outside the confines of the state. He had developed a curiosity in computers and software as part of his MBA course and Raju felt it was the Right time to invest in information technology this was 1987 when IT was in this infancy. Along with electronics and communication engineer D. Venkata Satynarayana Raju and brother D. Rama Raju, he launched Satyam computer that year in 1990, its turnover was Rs. 56 lakhs. Then riding the stock market boom in 1992, the company went for a public issue that was oversubscribed 17 times. Within two decades he had taken the company into the \$ 2 billion – level. It made him icon reverend than any politician or Tollywood star in his native state. He became people's hero by his simplicity, often wearing the light blue shirt with a Satyam logo like other employees whom he called Satyamites.

He was an adept networker attempting conferences and conventions and a voracious reader of management books. From this sprang many ideas that he introduced with the role objective of building Satyam. The prince of Cybarabad has indeed built a soft ware empire with a turnover of Rs.400 crore and a net profit of Rs. 80 crore that ranks among the top five in the country, operating in 28 countries with a work force of a strong 4,500 people in the group.

There is another important IT icon who created a new way to achieve the computer world is D.V.S. Raju, electronics and communication engineer D. Venkata Satynarayana Raju and brother D. Rama Raju, a self styled entrepreneur, Became a global player in the Shrink wrapped software market. He is so care full in Identifying opportunities. In 1997 the 39 year old CEO of it Hyderabad based software shop visual soft broke up with former partner Ramalinga Raju (Satyam Computers). He setup visual soft in 1995 using a seed capital of Rs. 2crore raised from relatives and friends. He started his career as Software assistant crossed many positions and hurdles setup visual soft, played a major role in Satyam Computers.

When Raju holds a masters degree in Computer Engineering from the University of Ohio booted up visual soft, he followed the conventional solutions rout, in the first six months the company developed B2B transaction relation solutions for technology creators like Ajillon and Addecco, based in Europe. But simultaneously he set a team of five developers different targets created an office at shelf package for companies setting up their own entrants and entrants a market segment that he had suffered out as a lucrative one.

Today, the overvelming majority of Indian software firms are building their fortunes on the safe bet of providing solutions, meeting the specific Infotech needs of a client with specially created software, a form of business when revenues are contract driven and therefore guaranty but not Raju. He is navigating his company into the chop's waters of products, shrink wrapped software packages whose rate will be decided in the market place where both the risks ad the rewards are higher.

“Raju’s secrete?” we are careful when identification opportunities” soft pedals the born again risk taker. The template every time VisualSoft bags a solution project from a client, it sniffs around to measure the potential for developing the solution into a full fledged product. “The objective is to ensure that we minimize the risks and do not have to kill product halfway” says Raju on the process Raju has had to take on giants. Visual soft has completed globally against Mega corps that have marketing muscle. So far Raju has got by on a combination of internal accruals. Reserves stood at Rs. 74 crores on March 31st, 2000 and the Rs. 42.74 Crore that he raised through a private placement Shares in August, 1999. Raju is not inclined towards raising money from equity, locally or through a NASDAQ listing²⁰.

India Info’s Raju Koneru

Raj (Kumar) Koneru a self styled ‘Fast Track Technology Entrepreneur’ who made his fortune in the U.S. by setting up Intelli Group an infotech business solutions company in the ERP Business. Raj Koneru was a large man but a college dropout a master’s degree in management studies from BITs Pilani. It’s the American MBA he dropped because the professor he wanted wasn’t there follows by a Masters in Computer Science because he found it too theoretical. He didn’t he found in too theoretical. He didn’t stay in his AT & T Job as technology consultants too long either. He set up a “Technology Business” with a Pilani friend called Arjun Valluri²¹. In 1993 Koneru, Vallur and Ashok Pandey merged their fielding Business together their revenues reached upto \$1million in 1999 that figure jumped to \$200millions which made their company (Intelle group) the fastest growing technology firm in new Jersey

²⁰. *Business Today* June 7-21-2008, PP. 46-47

²¹. *Business Today* June 7-21-2000, PP. 38-39

and one of the fastest in the USA²². In 1996, Intelli group was listed on NASDE the first IT services company founded by Indians to do so the company won many awards.

Intelli group had spread its wings much further becoming by end 1999 one of the leading global providers of ERP implementation, ASP and Internet solutions, with 2600 employees, spread over Japan, Denmark, New Zealand, Australia, Pher to Rico and Many other countries, last year Seranova was spun off intelligroup with koneru as CEO, with the aim of providing interu services and consultancy.

He is now running the show a chairman of India info.com. As it happens India Info is only the flagship company of an enterprise with a simple business plan, 'Straddle the Whole Space'. So Koneru went on an acquisition spree, buying up India abroad New services so that NRI's could have an India Abroad portal, India impression.com to become a hub for advertising space for portals, share bazaar.com phase an auction site, an online travel agency, an online shopping Hall. In other words ecommerce B to B, B to C and all other alphabets which dot the dot com world, Koneru has also acquired "Just dial the service which answer when you dial 8888888 soon when you ring them and ask for the number of shop, they'll offer to do the shopping for your and deliver it home²³. Since March, 1999 when Koneru took a hands on role Indian info has acquired six companies including visual Interactive, Miscarry, Kodenet, Just Dial and India Arabia.

²². Source: - P.P. 38-39 – Business Today June 7-21-2000

²³. Ibid.

Progress of IT Related Industries

The progress of the Software Industry has resulted in the rise of another industry Business Process Outsourcing (BPO) in the last few years²⁴. The development of IT sector in Hyderabad has promoted substantially the ancillary business activities of IT such as BPOs, KPOs and Tele working industries within and abroad and helped to Hyderabad entrepreneurs to extend their tentacles at global level. This is expressively reflected in the turnover of the Indian software industry. There are examples illustrative of how liberalization transformed the atmosphere for Software companies.

In fact, it was hard to find it in India until 1999. BPO is basically a cost cutting device involving transfer of mundane white collar jobs such as preparing routine reports, processing voluminous financier's data and compiling statutory reports for Government by large companies to specialized firms thus absorbing the need for maintaining in-house staff for the purpose. Indian BPO Industry started with large foreign companies opening their own captive organizations in the country for this purpose. This inspired the rise of call centres owned and managed by Indians which could offer the required services at much cheaper rates because of the lower labour cost²⁵. The ability to handle the English language along with Computer Technology has given a great deal of competitive advantage. Hyderabad people resulted in a great flood of BPO centres in Hyderabad. So successfully have the Hyderabad call centres been that developed in the west have become handled by their own. Thus IT related industries have been the fastest growing sector in Hyderabad with almost 100 percent sales coming from abroad.

²⁴. Tripathi P.P. 213-214.

²⁵. Ibid. PP-213-214.

The post liberalization period witnessing that the networking Industry in Hyderabad gets smartest fighter and more value added. The National Association for Software and Service Companies (Nasscom) heavily promoted this industry as the way to the future. Since then Tele-work has become a commonly used term and it has found champions that range from Multinationals like General Electric (GE) to Management giant Tom Peters. Here in India Hyderabad appears to be all set to become Tele-working capital Hyderabad along with the rest of the station bags over 75% of Data entry projects from the U.S.

For instance take the case of Transcription Industry. There were 45 transcription outfits in Hyderabad up from 10 in 1999. In 1998 Nasscom's estimated that the size of the medical transcription business in India was 75 crore. Assuring that the Industry has doubled in 1999-2000. The Market should be Rs. 150crore, and that means that if there are 45 companies doing this business in Hyderabad alone they would only need to be doing a turnover of about Rs. 2.2corec on average to have a 75% strong hold. And many corporate in Cyberabad are registering turnovers in excess of this. Again, after having set up a huge Tele working out post in Gurgaon, near Delhi, GE has recently (2000) setup more in Hyderabad.

Many entrepreneurs entered into other more value added services like making catalogues for web business, insurance chain processing and map making, catalogue for instance provides much greater revenue of around 25 cross per line.

Infotech Enterprises: A Rs. 35 crore company which has boldly entered the areas of digital GIS marine navigation, in car navigation and photo geometry. It is also in the field of digital data analysis, having launched a Rs.18crore facility at Hitech City, Madhapur, over 95% of the company's turnover comes from exports and it provides

services of digital Map making to Majors like, Navionics, Italy, City, Madhapur, Over 95% of the company's turnover comes from exports and it provides services of digital map making to majors like, Navionics, Italy, City power, Australite, Kazima of Japan etc., Says O.R.S. Rao executive Vice President "Our proficiency has earned us this very Niche Market"²⁶.

C.S. Software: It went to public share in 2000 may with its equity share of Rs.10/- openings at twice that. It is moving into portal content management mage exam Hall Ticket formatting etc., in 1999 the company posted a turnover of Rs. 10crore with 25% coming from data entry and management²⁷.

Data Tree: Rakesh Sawhney MD of Data Tree, who make money converting audio tapes into CD's had grown his company's business by 20% in 1998-2000 data tree's output is 2 Million in per week, and he plans to increase the to 5 million by year end 2000. That should more than double his turnover from Rs. 2crore, he estimates²⁸. Life Style of Hyderabad:The Work life style of Hyderabad is slowly changing too, the IT industry is allowed to operate three shifts (24 hours) and to later to the red eyed staff pool halls and cybercafés have Mushroomed²⁹.

IT slowdown

The software witnessed slowing down from 2001 onwards due to the uncertain global economic environment and economic slowdown with its moorings in the US or 'underperformance' by employees that lead to job cuts in the IT industry. The Indian IT-BPO industry is well integrated into the US economy and therefore any change in

²⁶. Business World June 5, 2000. P.P. 32 .

²⁷. Ibid. PP. 32.

²⁸. Ibid. PP. 32.

²⁹. Ibid. PP. 32.

the latter impacts it as well. In the wake of rising inflation, oil prices, among other things, necessitated a change in the recruitment pattern and a greater emphasis on performance leading to some attrition. In addition to that unconfirmed estimates put the number of techies fired in the city alone at a couple of thousand in the last six months. It could be even more, said an industry expert. Virtusa is said to have succinctly reduced the headcount in India by about 200, though efforts to ascertain the facts did not bear fruit. Business Process Outsourcing companies too are relinquishing some of their staff off their duties. “Economic slowdown impacted sectors like BFSI (Banking, Financial Services and Insurance) and also Telecom, blocking the expected projects. Software engineers face grim future Thousands of techies fired in Hyderabad in the last six months.

CHAPTER – VI

HOSPITAL AS INDUSTRY IN HYDERABAD

This chapter deals with general presentation of how the post liberalization phase witnessed the revolutionary transformation and the growth of private corporate hospitals and diagnostic centres in Hyderabad. In the post liberal period the private nursing homes started creating their own space in the health sector. The public hospitals and the medicines like aurvadic and unani has lowered its prominence in the field. The socio, economic and political environment propelled the private nursing homes in Hyderabad city. The element of profit making entered in the sector and many entrepreneur turn towards launching their business enterprise in the hospital industry. This change did not happen all of a sudden in Hyderabad, there were many historical forces and factors which are responsible for this rapid change in the health industry in Hyderabad.

It needs an adequate attention for the historical description. During the Nizam period as Doctor Yadaiah¹ says, there was a strong belief in service to the human kind was equal to the serving to the god, mostly all the hospitals established based on service. There was no scope for the business in health sector. He further added that the Nizam state has given adequate attention in promoting the hospitals. Nizam

¹. Dr. Yadaiah is a doctor running a Sandhya private nursing Home, Chanda Nagar, Hyderabad. He gained 40 Years Experience in serving the people. He published many articles on Health issues keeping in view of the Socio, Economic aspects of Hyderabad. He shared valuable points with me. He is 65 years now.

introduced Primary Health Centres in every district of their domain. Nizams daughter in law took a special initiation in promoting the DURRA HOSPITALS where most of these were located nearby the Nizams residential areas. Nilophar hospital was maternity hospital established around 1940s, for the children's treatment. Fever Hospital was first called as QUARANTINE HOSPITAL to cure epidemic deases. Most of the doctors were prescribed the Aurveda and Unani in those days moreover most of the doctors came from the upper caste background.

Rama Raju K.V². Says that the Aurveda medicine flourished during the reign of Mir Osman Ali Khan Bahadur (Nizam-VII) of Hyderabad who, ruled Hyderabad State for about 38 years. He further says that Aurveda was flourished in the state due to the efforts of many Ayurvedic physicians, scholastic teachers, distinguished patrons and well-wishers who worked together with devotional spirit to make Ayurveda available to the people of the state to provide care for health. For the first time in Hyderabad the Nizam Ayurveda Vaidya Sangh, Nizam Ayurvedic College and Nizam Ayurvedic Sadar Dawakhana stared in Hyderabad city under the Nizam management in the year 1934 as a private institution. It was inaugurated in the same year by Azam Jah Bahadur, the Prince of Berar.

². From Ayurvedic College, Hyderabad.

Consequent upon the inauguration the Nizam Government accorded sanction of an amount of Rs. 200/- per month for Ayurveda. Thus the seed of Ayurveda was sown during the reign of Nizam-VII in the Hyderabad state³.

During the pre independent period the intrusion of the British influence in to the Nizam dominion have revolutionarised the trend and introduced allopathic medicines in health sector. The first initiation could be seen by founding The Hyderabad Medical School which came into existence in 1846 A.D. was the fore-runner of Osmania Medical College⁴. The main purpose of opening of the Nizam's Medical School was to teach European Medicine in Urdu language by Dr. William Maclean for the native youths of Deccan. The school was located in a rented building at Gunfoundry and later clinical instruction was given in the Residency Dispensary (now called Sultan Bazar Hospital)⁵. The last phase of two decades of nineteenth century was the glorious period of this school. Seventh and the last Nizam of Hyderabad Nawab Mir Osman Ali Khan established Osmania University in 1919 A.D. and in the following year the Hyderabad Medical College⁶.

In 1957 A.D. Hyderabad became the Capital of enlarged Andhra Pradesh. Since then the government of Hyderabad showed an evident interest in promoting the medical care. It has taken over the administrative control of the medical collage.

³. Bull Indian Inst Hist Med Hyderabad. 1998 Jan; 28(1):67-84.)

⁴. Bull Indian Inst Hist Med Hyderabad. 1996; 26(1-2):119-41). 1952:

⁵. Ibid.PP-119-41

⁶. Ibid.PP-119-41

Government officer was appointed as a head of the hospital in 1956. Dr .B. Ramakrishna Rao Chief Minister of Hyderabad State layed the foundation stone for the new building in Residency compound.

Andhra Pradesh and reorganization of medical services formed along with its teaching staff of the medical college. Dr. K. N. Rao became the Director of, Medical Services. Dr. Bankat Chandra continued as Principal. In 1964 the Council on Medical Education formed and opened of the present campus at Koti, Hyderabad. Tremendous zeal and enthusiasm was evident to achieve all-round progress in medical education could be seen in this phase⁷.

Though the Osmania medical college was the first medical college in the Hyderabad state having started as a medical school in 1846 AD it became a full-fledged college in 1926. But the establishment of Gandhi Medical Hospital with all departments was the significant land mark in the medical history of Hyderabad. Gandhi Medical College came into being on 14th September 1954 AD; it was the second medical college in the Erstwhile state of Hyderabad.

This college was renamed as Gandhi medical college on 25th June 1955 and had the honour to have been inaugurated by the first president of India Dr.Rajendra Prasad. Gandhi medical college was the second in Hyderabad State, fourth in

⁷. Ali M, Ramachari A. Indian Institute of History of Medicine, Hyderabad, India.

Andhra Pradesh and 29th in the country. This college when it started in 1954 was named as Peoples medical college. It was located at Humayun Nagar close to the present Sarojini Devi eye hospital. It remained there till it was shifted to Basheer Bagh in 1958.

Later on many developments have taken place towards the development of these hospitals. Dr. K.N.Rao, director of medical services entertained the idea of integrating both Osmania and Gandhi medical colleges at the new complex which was coming up at Koti then. It was Sanjeeva Reddy who prevailed upon and said that each college would be separate, as they would be too unwieldy at one place. Further improvements to the college were added over the years and the foundation stones tell the story. Gandhi medical college has been shifted to new premises at Musheerabad in 2003 and the foundation stone for this was laid by Sri N.T.Rama Rao on 1st May, 1987. The Students of the College, Alumni and the well wishers of the college had to prevail upon the government to build the college and the hospital at Musheerabad. The foundation for the new complex at Musheerabad was laid on 19 June, 2001 by Sri N. Chandrababu Naidu.

The Gandhi medical college has departments of anatomy, physiology, biochemistry, forensic medicine, microbiology, pathology, pharmacology and social and preventive medicine. Gandhi hospital began as an infirmary with three wards in 1851AD and these were general, maternity and pauper houses. It was known as

cantonment hospital and also as civil hospital with 95 beds at the beginning of 20th century. The hospital was developed with funds from the philanthropists and was named K.E.M.hospital in memory of King Edward VII. S.M.Fraser who was the British resident opened the hospital on 20th December 1917 AD.

During 1967-68 along with big hospitals like Osmania, Gandhi, NIMS, there was a practice of Aurveda, Unani medicines. But there was tremendous increase of allopathic hospitals in Hyderabad state. During this period onwards the trend was started changing the specialisations came in to lime light. TB hospitals-2, EYE hospital-1; Mental hospital-1 came in to existence as the specializations for the special cases. In total there were 74 allopathic hospitals, 5248 doctors treated the patients 217787. There was a dramatic decline the percentage of the Aurveda, Unani hospitals with total-6, 29, doctors conseqitively. (see the below table -1).

Table-6.1
Government Medical Facilities 1967-68

S. No	Subject	Allopathic			Aurveda	Unani
	No. of General Hospitals	17			01	01
	No. of Dispensaries	51			04	19
	No. of TB Hospitals	02			-	-
	No. of Eye Hospitals	01			-	-
	No. of Mental Hospitals	01			-	-
	No. of Chronic Hospitals	-			-	-
	No. of Women & Children Hospitals	-			-	-
	Total no. of Hospitals	74				
	No. of Beds	5248				
	No. of Patients Treated				217787	
	No. of Doctors	Category - I	Category - II	Total	06	29
		125	609	734		

Source: SA-AP-1969-54-PP-4

By the time 1978-79 the were number of allopathic general hospitals inclined. It increased the number from 17 in 1967-68, to 22 in 1978-79. Moreover dispensaries, doctors, patients also inclined but the aurvedic and unani medicines have not loosen its prominence.(See the table-2).

Table-6.2
Government Medical Facilities 1978-79

Government Medical Facilities 1978-79						
S. No	Subject	Allopathic	Aurveda	Unani		
1	No. of General Hospitals	22	12	Government 26	Others 04	Total 30
2	No. of Dispensaries	64	-			
3	No. of TB Hospitals	02	-	-		
4	No. of Eye Hospitals	02	-	-		
5	No. of Mental Hospitals	01	-	-		
6	No. of Chronic Hospitals	03	-	-		
7	No. of Women & Children Hospitals	04	-	-		
8	Total no. of Hospitals	100	42	-		
9	No. of Beds	6146		-		
1	No. of Patients Treated		8,87,167	19,29,130		
1	No. of Doctors	900	97	Government 79	Others 04	Total 83

Source: - SA-AP-1979-54-PP-48-50

The establishment of the NIMS revolutionarised and created a new trend in Hyderabad Hospital Industry. It launched a new trend of providing super specialty infrastructure in the history of Hyderabad hospital industry⁸. The genesis of NIMS dates back to the year 1961. The Nizam's Charitable Trust started this specialty

⁸. Dr. Ramakrishna. Pinjala, NIMS, Hyderabad.(Interview)

Hospital for orthopaedics patients with an initial investment of Rs.55 Lakhs. The foundation stone was laid on 16.07.1961 by Sri Morarji Desai, Minister for Finance, in the cabinet of Sri Jawaharlal Nehru, the first Prime Minister of India. The Nizam's Orthopedic Hospital was inaugurated by Sri S.K.Patil, Union Minister for Railways and was declared open by Her Highness, the Princess of Berar on 22.12.1964.

In later days the Nizam's charitable trust gave the hospital to the Government of Andhra Pradesh on lease for a term of 99 years on 13.02.1976. The hospital was renamed as Nizam's Institute of Orthopedics and Specialties and was inaugurated by Sri Jalagam Vengala Rao, Chief Minister of Andhra Pradesh on 31.03.1976. The Govt. established the Institute of Medical Sciences on 11.03.1980 as an autonomous body registered under A.P. Public Societies Registration Act. This was inaugurated by Dr.M.Chenna Reddy, Chief Minister of Andhra Pradesh on 17.03.1980. With the objective of developing into a full fledged super specialty hospital for patient care, research and training, the Govt., transferred NIOS to IMS on 25.03.1986 under the name of Nizam's Institute of Medical Sciences, during the tenure of Sri. N.T.Ramarao, Chief Minister of A.P, with Prof. Dr.Kakarla Subbarao as the first Director.

With the objective further developing the educational and research facilities in the field of medical sciences in super specialties, the Andhra Pradesh State

legislature passed a bill making NIMS a university. The Act came into effect from 18.06.1989 and NIMS was recognized by the University Grant Commission, Medical Council of India, and Royal Society of Radiologists of UK.

As per the statistical data of 1980-81 there was dramatic changes could be observed in the hospital industry of Hyderabad. The private nursing homes started creating their own space in the field. The public hospitals and the medicines like Aurvadic and Unani medicines had lowered its prominence in the field. Though the allopathic medicine shown its sway in the field and propelled the private nursing homes in Hyderabad city. The element of profit making entered in the sector encouraged many entrepreneurs turn towards launching their business enterprise in the hospital industry. (See the table-3).

Table-6.3

Government Medical Facilities 1980-81

S. No	Subject	Allopathic	Aurveda	Unani	Homeopathy
1.	No. of General Hospitals	10	-	-	-
2.	No. of Dispensaries	54	13	15	11
3.	No. of TB Hospitals	01			
4.	No. of Eye Hospitals	02	-	-	-
5.	No. of Mental Hospitals	01	-	-	-
6.	No. of Chronic Hospitals	03	-	-	-
7.	No. of Women & Children Hospitals	04	-	-	-
8.	Others	02	-	-	-
9.	Total no. of Hospitals	77	-	-	-
10.	No. of Beds	6,131	-	-	-
11.	No. of Patients Treated	-	16,036	17,29,137	5,49,436
12.	No. of Doctors	912	94	77	62

Source:-SA-AP-1981-54-PP-51-55

Historically, hospitals were always run by charitable trusts or governments, the days have gone the charity became so costly service running to-wards profits.

Most charitable hospitals and even government hospitals have moved towards recovery of costs for patients, particularly expensive consumable and medicine costs. The growing capital intensity in medical technology, requiring huge capital investments, has been encouraged corporatization of medical care. The private nursing homes owned by the individual doctor entrepreneurs generated necessary investments from financial institutions and public institutions.

The corporate phenomenon in medical care in Hyderabad began with the establishment of a multi-specialty diagnostic centre (Medinova) with outpatient consultancy by a local pharmaceutical company in 1985⁹. This phenomenon brought in to the hospitals with the establishment of Apollo Hospital in the state capital in 1989 by non-resident Indian (NRI) doctors from US. Some professionals turned entrepreneurs came up with the characteristics of the clear vision and self-belief, team-based decision-making structure, the willingness to stretch and the ability to learn from their experiences.

The resources were mobilized through promoters, share capital, borrowing from financial institutions and the share market¹⁰. The state also played a very active role in the corporatization of medical care by extending financial and other benefits. The efficiency of hospitals, run by the listed companies accountable to their

⁹. Changing Health Care System Author(s): K. V. Narayana, Source: Economic and Political Weekly, Vol. 38, No. 12/13 (Mar. 22 - Apr. 4, 2003), pp. 1230-1241Published by: Economic and Political Weekly Stable URL: <http://www.jstor.org/stable/4413374>Accessed: 01/05/2009 15:02.

¹⁰.Dr.Rama Krishna. Pinjala, NIMS, HYDERABAD. (Interview)

shareholders, would be significantly higher than government hospitals or stand alone charitable hospitals. And it must emphasize that this is done without sacrificing the quality of medicine or patient care in anyway.

The state government encouraged the corporatization of medical care by providing government land while the central government offered tax concessions on import of medical equipment. The existing corporate hospitals are opened by the doctors (either NRI or local) and local business families¹¹. All of them are promoted by the local dominant agricultural castes (Kamma, Raju, Reddy and Velama) and most of them are family controlled and managed by their family members who are doctors by profession. There is no considerable study yet on the exact size and nature of the corporate sector right now there are about six big corporate hospitals in Hyderabad.

Due to the above reasons, by the time liberalizations policies Hyderabad witnessed the revolutionary growth in private hospitals and diagnostic centres. It was encouraged directly by the central and state governments by offering tax exemptions, land at concession rates, etc, in return for provision of free treatment for the poor: free treatment to at least 40 per cent of outpatients and 10 per cent of inpatients. Apart from availing the tax concessions, some hospitals received special benefits like allotment of government land at an insignificant part of market price.

¹¹. Ibid.PP-1230-1241

For instance, in 1989 a corporate hospital in Hyderabad was given 30 acres of government land in a posh locality at a throw away price on the condition of reserving additional 15 per- cent of beds for the poor.

There were many private corporate hospitals came up with the objective that making business with health, set their identity and created their own business in Hyderabad. The element of enterprise replaced the service sector. Kavuru SambasivaRao, Pratapa Reddy, SomaRaju, etc, became prominent in establishing the hospital industry. Many hospitals like Yashoda, Image, Usha Cardiac, Care, CDR, Medwin Hospital, Global Hospital, Kamineni Hospital etc, are started sharing the major business share of Hyderabad.

They launched a new trend of acquisition of medium level private hospitals. For instance, the Apollo Hospital has acquired four private hospitals located in different parts of Hyderabad. Similarly, the CDR hospital has established a number of emergency medical centres in different localities in Hyderabad. It is basically intended to widen the catchment area to ensure steady flow of patients for its main super specialty hospital for high tech treatment.

These corporate hospitals are spreading their business network also by giving franchise to small diagnostic centres, specialty clinics and pharmaceutical stores¹². Similarly, the Medinova diagnostic centre has established its branches in a large number of towns in the state. The corporate hospitals have also come up in agriculturally prosperous towns like Vijayawada and in the port city of Vishakhapatnam. They too have their own referral centers in the neighboring towns. In addition, a good number of specialists from Hyderabad visit clinics and hospitals in the towns every weekend and refer complicated cases to super specialty hospitals with which they are associated in the city.

There is also a trend towards Trans - nationalization of corporate hospitals¹³. For instance, the Apollo Hospital has a tie-up with a Singaporean health group in a joint venture company to undertake management of hospitals in the south and South- East Asia. While the Parkway Health Group of Singapore takes the responsibility to secure contracts for hospital management, Apollo would supply doctors, nurses, engineers, etc, to manage hospitals that would be under their contract¹⁴. The basic objective is to take advantage of India's medical manpower that is far less expensive when compared to US and Europe.

¹².Ibid. PP-1230-1234.

¹³.Ibid. PP-1230-124.

¹⁴.Business India- Feb -10th- 2008. PP-49.

Recently, the Apollo group has established a hospital in Colombo, capital of Sri Lanka¹⁵. Dr. Pratap Reddy (Apollo) is a shining example of making hospital business in innovative way. Apollo Hospitals while completes 25 years to coincide with Dr. Pratap Reddy completing 75 years. He has been a trail-blazer in healthcare industry, with 41 hospitals in India and overseas (of which 26 owned, and the 15 are owned by the group), Apollo is the largest hospital chain in India. It has many firsts to its credit, including being first Hospital Company to have a public listing India as far back in 1983¹⁶. Within the short span of 25 years Pratapa Reddy built the largest chain of private hospitals in Asia and also developed a related business. Now he has many plans to expand his hospitals business. Major projects in Malaysia and Nigeria, an extensive network of 25 hospitals in second and third tier towns in the coming next two years, a significant presence in western India with the establishments of NAVI-MUMBAI, THANE, and NASHIC, all these are the present expansion drive.

In addition to this Apollo Health Street, The business Process outsourcing BPO also was there in their expansion drive¹⁷. Pratapa Reddy explains his vision that behind these expansion drive that “ we realized quite some time ago that we

¹⁵.Narayana. K.V. Op.Cit.PP-1230-124.

¹⁶.Business India- Feb-10th- 2008. PP-49.

¹⁷.Ibid.PP-49.

needed to move in to the smaller towns where health care facilities are still not well developed¹⁸.

The hospitals in the non metro cities would operate under the banner of “Apollo Reach Hospitals” his top management team mostly includes his daughters are Preethy reddy,(Managing director), Suneetha(Financial), Sangeetha(Technical), Shobana (Managing the Pharmasis). The main task of the management is making the hospitals equipped with the best diagnostic facilities and recruiting highly qualified medical specialists and pharmacy staff capable of delivering a level of health care matching the best in the world¹⁹. Moreover, the Apollo group would be fully responsible for the staffing of the hospitals, purchase of almost all the materials the capital equipment and the quality of health services delivered.

CARE is another hospital which became one of the important hospitals and created its sway in the field in Hyderabad. It offers cost-effective medical care in the field. Dr. Soma Raju is the founder chairman of Hyderabad CARE Hospital²⁰. He believed in team work more so with the help of the available technology he created his own sway in the field. He was the member of the group of doctors at the Nizam’s Institute of Medical Sciences. Actually quality CARE India Ltd, the holding company that bought a ‘sick’ hotel’s property and converted it in to a 300- bed

¹⁸.Ibid.PP-49.

¹⁹.Ibid.PP-49.

²⁰.Business India. January 27.2008. PP-118

hospital. It had a revenues' totalling Rs 178 crore as an income of Rs 122 crore, in 2005-06²¹.

Historically, hospitals were always run by charitable trusts or governments. Most charitable hospitals and even government hospitals have moved towards recovery of costs for patients, particularly expensive consumable and medicine costs. The efficiency of hospitals, run by the listed companies accountable to their shareholders, would be significantly higher than government hospitals or stand alone charitable hospitals. And it must be emphasized that this is done without sacrificing the quality of medicine or patient care. In anyway all have been global out look in terms adopting global standards, the best technology and operating global scale. In fact, Reddy's success is now being emulated by others and we have recently seen the emergence of new hospital chain like Fortis and Wockhardt.

²¹. Business India. January 27.2008. PP-118.

CONCLUSION

The city since its inception was a collecting and distributing centre of goods to the north and the south of the country especially for high value merchandise drawing numerous brokers and merchants. Since its beginning the merchandise business is the predominant feature. The princely state sustained its unique nature even today. The Hyderabad in nature positioned in a strategic place and well connected with Surat, Goa, Bijapur, Malabar Coast, Masulipatnam and other important trading routes which catered the needs of regional, national and international markets of different variety of commodities.

The end of Asaf Jahi Nizam ruling from Golconda witnessed the shift of business from Golconda to Charminar, *Guljar House*, *Pattar Gatto* and Opened new shops. In later days when new Andhra Pradesh formed again there people shifted their business activities to new cities like Koti, Abids, Ameerpet and constructed shopping Malls, Shopping complexes and started living in estates, enclaves etc. After partition of India, Punjabi Sikhs, migrated to Hyderabad and settled down in doing various businesses and established their business in various fields. The Karachi Bakery, Dunlop tyres of Nampally were the best instances of their business establishments. Moreover they have done attractive business with Punjabi Dabhas.

Thus the city Hyderabad is historically known as the city of pearls, lakes. The *Laad Bazaar* was an important market for *pearls* and *Jewellery*. Now also there are many stores at *Laad bazaar* situated near Charminar. Ornaments made with rice pearls used to buy from *Char Kaman* or the General bazaar market. Products such as silverware, saris, nirmal,

kalamkari paintings, artifacts, unique Bidri handcrafted items, lacquer bangles studded with stones, silk-ware, cotton-ware and handloom-based clothing materials were made and traded through the city for centuries.

The extent and direction of the entrepreneurial changes witnessed after the Independence have been facilitated by the changes in the economic, social and political environment. Despite of its regulated policies the state has taken a series of measures to remove stumbling blocks to integrate industries and also to widen the base of the entrepreneurship. A net work of specialised financial institutions has been built to meet the requirements of the industry. Because of the state support Hyderabad acquired the basic industries and infrastructure in order to create a positive environment for private industrial investment. A policy support and incentives also has been introduced. Under protective state measures, such as tariffs, safe guarded markets and subsidies, the relative hazards of the industrial entrepreneurship have minimised. The state it self has played an entrepreneurial role to some extent.

The post liberalization period witnessed many dramatic changes in Hyderabad entrepreneurship. The traditionally and financing communities of Parsis, Banyas, Jains, Muslims are no longer only the entrepreneurial streams. The new springs of entrepreneurship developed among the communities, Kamma, Raju, Reddy etc, who came from rural land owning sector. The predominant feature of the Hyderabad entrepreneurship is always that the migrated communities take hold of the opportunity of doing business from Hyderabad.

More over traditionally the business allied activities constitute the family as the dominant source of supply of entrepreneurship, but what is striking after post liberal period is that the individual promoters with their individual backgrounds came in to lime light. There were many professionals like doctors, engineers, technicians and teachers etc broke the traditional business activities and swelled in to the ranks of industrialists. This transform is more aggressive in Hyderabad, still the communities confined to traditional hereditary occupations in other states but in Hyderabad the new emerging entrepreneurial class is attitudinally more different than the traditional communities. Their promotions are individualistic and not so much familistically inclined as the old entrepreneurs. They have sought alliance with other families or individuals of varied competencies and this phenomenon has relevance to draw more and more people in the vortex of industry.

There is a sudden blow of many knowledge based companies with new entrepreneurial class in Hyderabad. IT, Pharma, Hospitals sector became a promising sectors for Hyderabad entrepreneurs. The result showed a large concentration of knowledge based companies in the city. The trend of investments has shifted from traditional sector of textiles, sugar, paper, fertilisers, machinery, metals, and food industries to the new sector of IT, chemicals, Pharma, real estate, and retail business etc.

The communities from deferent parts of Andhra Pradesh formed as new entrepreneurial class. This new entrepreneurial class has not been slow in grabbing the opportunities offered by the development needs and they are more prone to take risk and face competition. The performance of companies promoted by the new entrepreneurs in terms of corporate growth is not comparable to that of the old entrepreneurs. Their

performance in modern sector is more impressive than the traditional sector. The entrepreneurs with non business backgrounds mainly entered the modern sector and surprisingly did better in both sectors, than the entrepreneurs having business backgrounds.

Hyderabad became a testing ground for their entrepreneurial experiments. The area of the Infrastructure development became prominent for the newly charged business people in Hyderabad. Most of the business men shifted their business activities to Hyderabad and started investing in Hyderabad. The IT, Pharma, hospital, Infrastructure, Retail etc, created its own space and reached its heights and developed global standards. Both the governments TDP and Congress gave immense encouragement for the development of the Hyderabad business.

IT era

As far as the IT sector concerned, it became the main promising sector for new entrepreneurial aspirants in the post liberalisation. The IT industries got prominence with enormous potential in Hyderabad business. Entrepreneurship in this sector has every chance to enhance and create wealth. IIT's have produced many distinguished persons in the field of Information Technology. Narayana Murthy and Ramalinga Raju have the distinction of inspiring doing business in information technology. Specialization in Hyderabad IT field has witnessed unprecedented growth with many successful enterprises, recording annual

growth rates never seen before in the India Industry. This industry became a big paymaster and has attracted students from every discipline including life sciences and people who have trained in diverse field as Aeronautical Engineering, Molecular Biology, and Civil Engineering, have opted to move into information technology industry.

The inward looking economic trends, global opportunities, the social, economic, political environment, technological advancement and availability of skilled human resources in Hyderabad have propelled the Information Technology sector. It opened new vistas in Hyderabad business where it has immense potential for the growth Hyderabad business. The large pool of scientific man power and strong commitment of the state government promoted this industry.

Pharma wave

The new climate for enterprise emerged in the wake of liberalization could be seen that there are huge global opportunities for Pharma business in Hyderabad. It is natural and these conditions created the most successful entrepreneurs in the Pharma sector. Dr. Anji Reddy's or Reddy's Laboratories, a health care and pharmaceutical company at Hyderabad predominant among them.

This period also witnessed the emergence of the handful of Pharma companies in Hyderabad. A large number of entrepreneurial startups emerged very strong and started churning out new drug discoveries for the world. And few Hyderabad companies became leaders in the global generics markets. It also increasing fuelled by the service sector created products and service based on intellectual property. Predominantly Hyderabad

emerged as a major centre for pharmaceuticals business with multinational standards in both bulk drug and retail business. The Companies such as Dr. Reddy's Laboratories, Matrix Laboratories, Hetero Drugs Limited, Divis Labs, Aurobindo Pharma Limited and Vimta Labs being housed in the city comes under the bulk drug business.

Hospital business

Historically, hospitals were always run by charitable trusts or governments. Most charitable hospitals and even government hospitals have moved towards recovery of costs for patients, particularly expensive consumable and medicine costs. The post liberalization phase witnessed the revolutionary growth of private hospitals and diagnostic centres in Hyderabad. In the post liberal period the private nursing homes started creating their own space in the health sector. The public hospitals and the medicines like aurvadic and unani has lowered its prominence in the field. The socio, economic and political environment propelled the private nursing homes in Hyderabad city. The element of profit making entered in the sector and many entrepreneur turn towards launching their business enterprise in the hospital industry.

There were many private corporate hospitals came up with the objective that making business with health, set their identity and created their own business in Hyderabad. The element of enterprise replaced the service sector. Kavuru SambasivaRao, Pratapa Reddy, SomaRaju, etc, became prominent in establishing the hospital industry. Many hospitals like Yashoda, Image, Usha Cardiac, Care, CDR, Medwin Hospital, Global Hospital, Kamineni Hospital etc, are started sharing the major business share of Hyderabad.

The efficiency of hospitals, run by the listed companies accountable to their shareholders, would be significantly higher than government hospitals or stand alone charitable hospitals. And it must be emphasized that this is done without sacrificing the quality of medicine or patient care. In anyway all have been global out look in terms adopting global standards, the best technology and operating global scale. In fact, Reddy's success is now being emulated by others and we have recently seen the emergence of new hospital chain like Fortis and Wockhardt.

After the liberalizing policies came in to effect, the most striking trend in the health care industry was that the service turned into business sector in Hyderabad. The nature of the services and the infrastructural facilities been changed. Many people started allocating their resources mostly on health rather than other things. The health care is demanded as a means for consumers to achieve a larger stock of 'health capital.' The demand for health is unlike most other goods tremendously increased. These circumstances transformed service oriented hospitals in to business oriented health care hubs.

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APPENDIX – I

OPINIONS OF THE EMINENT ENTREPRENEURS OF HYDERABAD

G. V. Prasad Reddy
Chief Executive Officer and
Vice Chairman of the Board
Dr. Reddy's Laboratories Ltd.
Hyderabad.

22-09-09
Time-5-30pm

G.V. Prasad is important entrepreneur in Hyderabad Pharma industry. He is basically come from chemical engineering background. He took his family support to enter in to business where they have lot of businesses. He spent his initial years in managing various construction projects in Karnataka. While he saying about the formula of success he stressed the work hard is only the way for success.

He has been interested in technology, as result of his interest in Technology he entered in the bulk active business. He admired of three leaders one is Gandhi from the social side second one is Steve Jobs from Apple and thirdly in the scientific world he admire Einstein. He says that 'Entrepreneurship is about taking resources and creating something new which did not exist before or taking the set of resources and improving the yield of that resource moving them from a place of lower yield to higher yield'.

His first exposure to the world of pharmaceuticals was in 1985 with Benzex Labs, a pharmaceutical enterprise that he co-founded. Benzex was later acquired by Dr. Reddys and Prasad returned to the construction business, only to come back to Pharma in 1990 – this time as the CEO and MD of Cheminor Drugs Ltd. Prasad infused professionalism,

good governance and transparency to transform Cheminor into a world class Active Pharmaceutical Ingredient and Generics manufacturer.

In 2001, Cheminor Drugs merged with Dr.Reddy's Laboratories and Prasad took over as the Vice-Chairman and CEO of the merged entity. As CEO, Prasad has strategized the metamorphosis of the mid sized pharmaceutical company into a globally respected Pharma major. He has nurtured new lines of business, built a high-talent organization, expanded the global footprint and crafted best-in-class practices in corporate governance.

He does not believe that the communal and family nexus are important in development of the entrepreneurship. As he says 'the merit is the determining aspect. If you have merit you can do, of course in business one need capital but if you have good ideas you can come up there are stories of people who had come up without anything Dr.Reddy is an example he came from a middles class family he is now a successful industrialist'.

Talking about the patent act 1970, he says 'the 1970 patents act allowed companies to launch products even if they were under patent even if they did not recognise product patents only the process pattern they recognised. That enabled the growth of the Indian industry. To day we have patent rights even on products. Our own products discovered after 1995. Now we are part of the world global patent regime nothing particular about India we are more in to global regime now'.

According to him every business has struggles every business has some difficulty, every day it is a difficulty even to day for a company to grow from here to the next level there are struggles and difficulties they found in various things I do not think any business without short comings. But the challenges are deferent at deferent levels when you start early capital is challenge, after a while markets are challenge, today I think getting the right talent is our challenge.

He further express that Pharma sector has grown to becoming a globally competitive business and liberalisation has not made much deference, it is just the integration of India with the rest of the world made deference. Moreover pharma was nothing separate liberalisations as such general business became easier to do the business. Pharma business started in the late eighties from that time it growing.

He is sure Pharma business will sustainable! And it will grow, there is a lot of potential, we are yet starting as a small portion of the global market, there is significant growth possible. Apart from some general challenges which remain for all sorts of business Hyderabad Pharma has to adopt innovation, it has to do more work in research, and globalisation

Prasad is widely credited as the architect of Dr. Reddy's successful global generics strategy. He envisioned newer business platforms like the Custom Pharmaceutical business and Speciality pharmaceuticals. He has been a strong advocate of his company's vision to be "a discovery led global pharmaceutical company" and is currently focused on

building the innovation side of the business. Prasad has made dramatic and emphatic moves to expand his organization's size and scale of operations through sustained global alliances and well-calculated mergers and acquisitions.

Prasad has over the years built a diverse, talented and experienced senior management team in India, Europe and the US. A strong believer in his people, he has encouraged dynamic HR practices in the organization. Today, Dr. Reddy's is widely acknowledged as one of the Best Companies to Work For in India across various 'best employer' surveys. Even as he builds business, Prasad strongly champions sustainable development at Dr Reddy's and supports new technologies and investments in transforming Dr Reddy's into an environmentally conscious and socially responsible organization

Interview

1. What inspired you to enter in to the Pharma business?

Well I always been interested in technology, as result of my interest in technology I entered in the bulk active business. I am a chemical engineer by training wanted to use technology to create products.

2. May I know your family, socio economic background?

My family has been in business, we were in various businesses for example construction from Bangalore.

3. Can you tell some business leaders you admire in the area of your business products.

In general I have three leaders and I admire about, one is Gandhi
From the social side second one is Steve Jobs from Apple and thirdly
In the scientific world I admire Einstein.

4. How did you procure capital for your business in the initial years?

My family supported us. We have lot of businesses.

5. How do you understand the concept entrepreneurship?

I think Entrepreneurship is about taking resources and creating something new which did not exist before or taking the set of resources and improving the yield of that resource moving them from a place of lower yield to higher yield.

6. 'The communal and family nexus are important in development of the entrepreneurship in India' what is your opinion?

I do not believe that I think if you have merit you can do that, of course you need capital, if you have capital, if you have access to capital, if you have good ideas, there are stories of people who had come up without anything Dr.Reddy is an example he came from a middles class family he is now a successful industrialist.

7. How far the implications of state regulations and the political connections of entrepreneurs will help for the success of business in India?

Not in our business political connections does not mean any thing in our business may be construction contracts infrastructure, things to do with the government political connections are necessary we need enable meant we do not need political connections to succeed.

8. May I know little bit in detail about Patent rights since Dr. Reddy many Times spoke about?

It is a very long story. The 1970 patents act allowed companies to launch products even if they were under patent even if they did not recognise product patents only the process pattern they recognised. That enabled the growth of the Indian industry. To day we have patent rights even on products. Our own products

discovered after 1995. Now we are part of the world global patent regime nothing particular about India we are more in to global regime now.

9. Do you have any formula for the successful business? What methods did you follow in your business?

There is no formula we have to work hard that is the way for success.

10. Can you share some of your struggling or shortcomings in your area of business, prior to the 1990s; how did you overcome?

Every business has struggles every business has some difficulty, every day it is a difficulty even to day for a company to grow from here to the next level there are struggles and difficulties they found in various things I do not think any business without short comings.

11. Were there any difficulties which gone through?

The challenges are deferent at deferent levels when you start early capital is challenge, after a while markets are challenge, today I think getting the right talent is our challenge.

12. What kind of changes did you notice in Hyderabad business enterprise after liberalisation with reference to your sector in Hyderabad?

Our sector has grown to becoming a globally competitive business and I do not think liberalisation as such made a difference it is just the integration of India with the rest of the world made difference.

13. How do you differ the pre liberal Pharma business with post liberal Pharma?

Nothing much Pharma was nothing separate liberalisations as such general business became easier to do the business. Pharma business started in the late eighties from that time it growing.

14. How do you differ the Hyderabad entrepreneurs with other cities in India?

I do not think any difference is there all are same

15. Hyderabad business has been growing well from the past ten years or does so? Do you think would it be sustainable if so why?

I am sure it is sustainable! Pharma will grow there is a lot of potential, we are yet starting as a small portion of the global market, there is significant growth possible.

16. Can you anticipate any apprehensions in Hyderabad Pharma business going to be faced in coming future?

Nothing specific to Hyderabad overall the Pharma industry has its challenges. It has to adopt innovation, it has to do more work in research, and globalisation and these challenges remain for all sorts of business.

1. How you became an entrepreneur?

I am a first generation entrepreneur. I come from a family of government official. I broke the tradition got into the industry. In 1975 I started my first enterprise under the self employment scheme, borrowed a small amount from AP State Financial Corporation. We started tiny industry from there we have grown. Later we raised some more capital and set up second and third and so on many.

2. What company you have started?

First it was a small tiny industry called RR steel. It was a general engineering company to produce various engineering products. After that we took hand pump manufacturing. Further we have taken up the manufacture of the cylinders. Later we have moved into the medium scale industry with our LPG cylinder company. Till then we were with small scale industry. We started three small scale industries during 1975-83. In 83 we came up with LPG Cylinder Company as I told.

3. Why did you choose engineering area to do with business?

I have chosen that product because there was no need of much working capital. It was almost just like a fabrication job work. We get contract from the big companies like BHEL, HMT, ECIL, etc. They gave raw material we should fabricate

the things according to their requirement and standards. It did not require any big capital. It was another advantage for us to our work with minimum capital. Whatever capital we had was sufficient to set up a company. That was the reason I choose that area of business. Once we started getting profits we started setting up other companies. (Mostly we deepened up on the public sector companies)

4. Why did you choose Hyderabad to do your business?

We are based at Hyderabad since 1967; my college education was here in Hyderabad and logically I chose Hyderabad. I did not start a medium or a large scale company, had it been a large scale companies then we would have looked at other options or other cities. Industrial base also was very good in Hyderabad; we can get lot job woks from the large companies in Hyderabad. After setting up larger companies like we invested about 200 crores for those companies we started getting opportunities in many places but we continued to our business from Hyderabad only.

5. Why you have chosen business in deferent with your family?

That is the entrepreneurial bug; some people not know they have that, from the beginning of my career I did not want go any service; I want to do something on my own.

6. Can you share some of your struggling and challenges?

Every entrepreneur has to face some challenges. You can call them as struggle but I would like to call them as challenges. No body strait way can get success; every entrepreneur has to face several challenges in their way. We have our share of challenges Infact we faced many big challenges. For example by 1983 we earned enough capital to set up a medium scale venture we put lot our money even from the banks into LPG cylinder manufactur company. But after we set up the company suddenly the government decided to import a huge quantity of cylinders from Brazil. Because there was a big shortage in India at that time to meet that shortage people like us set up more companies, at that time there were about a dozen cylinder manufacturing companies and another 30 started in about two year time. At that time I took the lead spoke to other companies, we went government of India we met Prime Minister Indira Gandhi and persuaded her to change that decision. The government started buying cylinders from these companies. That was the big challenge. That was the time I was elected as the president all India cylinder manufacturing at that time if we would have not stopped that all the 30 companies would have wiped out it would have been a big disaster.

Now and then many challenges will come some of them are big some of them are small we has to face. Recently we are facing the problem where as our business connected with the airport, they have been our largest customers. The airport shifted to ShamshahBad, it is a big challenge for us, we have to think and reinvent come up with new strategies.

7. How did you face the government regulations in the Licence Raj time?

During the licence Raj for everything we needed government approval, to set up the cylinder manufacturing company we required so many licenses subsequently during liberalization they have relaxed licenses but still when we compare our industrial sector with any developed countries still we required to get considerable number of licenses. For instance to set up a big star hotel the entrepreneur require about 25 approvals from various govt departments. Though it is a fact the license Raj is no longer there that we do not require licenses for starting a number of businesses but the fact remains that we still have to get lot of approvals from the government. The entrepreneur still has to face this challenge. For instance it was impossible to manufacture a car or a two wheeler at that time now it is possible, it was impossible to supply gas or it was impossible to have a private radio channel or private TV channel. All these things were totally closed fro the private sector now they are open for the private sector this is the deference but still the fact remains that we have to get lot approvals from state and the central government.

8. What unique method you have for the successful business?

First one must have perseverance, never give up. There be lot challenges there are lot of difficulties being entrepreneur, this is not easy when your face this challenges or difficulties do not give up keep fighting so perseverance is the most important thing that is require in any entrepreneurial career.

9. Can you differentiate Hyderabad business pre and post liberal periods?

Before 1990 entrepreneur opportunities were limited and those started their enterprise they could not grow beyond a certain point. After 1990s when the reforms started every body widened their scope, every body starting at the bigger picture because lot of opportunities that led to boom in entrepreneurship, lot more people they want to be entrepreneurs earlier lot bright people wanted to go for a job or such career when the reforms started they were also inspired to do something their own for existing entrepreneurs many more opportunities and larger growth. There is a marked difference between pre reforms and post reforms.

10. As i mention post reforms there are more opportunities and lot of new groups are coming like Nagarjuna, GVK, Dr. Reddy's laboratory and many more Satyam the all appear on the scene and then we have become very large groups. So, this brought Hyderabad on to the world map. Hyderabad has come to be regarded as a place where entrepreneurship is growing very fast.

11. Ya sure, I feel entrepreneurs from Hyderabad more aggressive they are ready to take chances for growing. They would like to grow fast and expand faster than others. And they are willing to take the necessary steps to achieve this. so Hyderabad entrepreneurs are taking more enterprising and more aggressive in their approach.

12. I don't think so. See I have been the chairman of CII (Configuration of Indian Industry) Andhra Pradesh; it is an apex industry association in India. As a chairman of CII I have interacted with all the major groups, CEOs in Andhra Pradesh. I know most of them personally. With this I not only say that Hyderabad entrepreneurs are more dynamic and pro active than others. Also say that Hyderabadi entrepreneurs have already demonstrated that their rate of success is much higher than that of simply average. All of them have demonstrated their abilities. Andhra Pradesh since long times its enjoyed political stability and good infrastructure for industries. Logistics infrastructure or civic amenities infrastructure Hyderabad is better place than rest of the cities. I don't think so that there is a need of any for any concern Hyderabad is a better place. In fact the whole world looks at Hyderabad as a favourite destination.

Pawan Lakhotia,
Excutive Director,
Pawan Power & Telecom LTD,
Ashok Plaza, Masab Tank
Hyderabad-5000 028.

19-09-09
11-30Am

Pawan Lakhotia, is one of the Hyderabad based significant entrepreneur. Their family shifted to Hyderabad in 1972 from Rajastan. He studied B.Com from Osmania University. His father was General Manger in Universal Cables a big cable company. Hyderabad was untapped area by the time 1972 they shifted. His father came to Hyderabad as a general manager of south India. He was there in service up to 1977 and he left Universal cable.

They have given him the distributorship of cables for five years. 1979-86 they were in trading slowly his father started business in Hyderabad he and his brother finished their education and helped to father and started the unit with the 50 lakh annual turnover and five lakh per month. Power cable back to back power cable, submersible cable for agriculture, mining cables for mining sector then with finally with cable punch cable this is the latest technology in 1998-99. Now the company annual turnover is around 50 -60 cr. We directly get the finance from the bankers especially from Andhra Bank. At that time business opportunities were more in Andhra Pradesh and started PAWAN POWER PRODUCTS Private LTD now the company later it developed as a PAWAN POWER & TELECOM COMPANY LTD.

Pawan Lakhotia says that 'Basically trading (Cables) started by his father later they started manufacturing cables. He admire of my father because he was the man who showed the way, to do the business. His father got experience in working with Universal trading company belongs to Birla's this experience gave us strength and confidence.

Hyderabad was an untapped in those days and of his father job shift to Hyderabad they have chosen Hyderabad to continue our business. In those days Singareni was the biggest market was another reason to choose Hyderabad.

As he is sharing's about their struggling he says that 'There is always struggling to day also we are struggling. Whole electricity boards are my customers all over India. APSEB is my major customer. Because of the competition from the other companies we are unable to get projects up to the level of my company production capacity. Many companies wanted major share. Because of the competition out of 23 only seven are surviving in the field now remaining all is closed. Almost conductor manufacturing companies al most are closed. Only cable companies and who are manufacturing varieties of products are surviving now. I have a capacity of manufacturing 10,000 km but I could get tenders (orders) only for 5000 km. The volume of the orders are remained same and the number of companies increased caused competition and getting less volume of orders and slow down the business. The orders also coming based on the L1 process not based on the performance and quality'.

According to him Entrepreneurship is benefitting to the society. As an entrepreneur we are providing employment, paying taxes to the state. We are making the society as better place. Further he says that 'the communal and family nexus are important in development of entrepreneurship in India. It is all depends; all past future are connected with that suppose my father started this business in small way me and my brother developed to this level, we expect that my kids and my brother kids make it bigger.

In responding to the question on state regulations he says that 'We are in India we know how to handle the things any thing we can do. They want to develop one pocket of county by killing the other pocket. For example I can say Haridwar given some concessions where there is excise duty, there is no sales tax, and there is no income tax, all holidays are given them. One company wanted start a company they do not need to pay all these things. We have struggled a lot for so many years to come up this status now they want to kill us means industry like us kill. Once a company grown to a status you're killing that and seeing that putting up another company. These kinds of holidays are advantage for the big companies. They set up a plant any where in the country. Companies like us suffering a lot because of these kinds of regulations. Giving holiday for such companies is good but not this much type. It should not be given 20% and 30% concessions like this. It can be given 5% or 6% concessions. There are many companies effecting with this kind of acts. Some states governments giving benifits to many companies but our state govet not giving any benifits. The other states have some reservation for the local companies means some orders does not go out side their state but in our state L1 (Tender Based Lowest bid) is the criteria. They do not see the quality or qualifications. Maharastra Tamilnadu they keep some quantity of work to promote the local entrepreneurs but our state is not like that'.

Maintaining good quality material is their formula for the success. Company have many govt certificates. This company is the major supplier to central government bodies like NTPC and Power Grid Corporation of India Ltd were the two significant power

corporation of India and approved by them. He says proudly that say that they stood with the country when it is require, Andaman electrified by Pawan Power Company at the time of tsunami disaster in 21 days in record days. Without any formalities company got this work based on previous performance and supplied to 100 km. Company also electrified Rama gundam Dharmal Power station after fire disaster and supplied to KTPC also after fire accident.

In responding to the liberal policies he says By 1990s liberal policies have come but it not come in to effect with the industrial sector. He felt that from 2000 new mellinianium on words things are improved. Government departments are better than privet departments and feel secure in getting payments. Private business people are taking two to three months for payments. Power sectors are improved with govt support. He further extends that 'we can not compare pre and post liberalisation periods. Because it some time and by the time 2000 only it started showing its results. Any how Payments are improved, prior to the liberalisation there was huge tenders but after liberalisation small tenders are coming. New entrepreneurs are coming in to the lime light competition increasing.

The major trend could be observe in this area is the more advanced technology, Andhra Pradesh is producing Triple A conductors. All other states are also following that has given an edge in the market.

When it compare with the other states our state is not giving benefits which other states are giving, like Rajastan is not considering the sale as apart of costing because they

take tenders of their own state. Maharashtra also do the same thing, all electricity boards have the reservation for their companies hence our companies are facing that problem. It is not for only for electrical cable it is for every type of industry.

He express that about company his type have not that kind of very much future in our state, all ready it is a developed state it is not under developed state like Bihar, Uttaranchal, Haryana, Orissa etc. These states have a lot of requirement AP doesn't have that much requirement but electrification is going on is very big way in west Bengal and the above mentioned states where the central government focusing on the states. Companies' coming from out side is the biggest apprehensions.

1. May I know your native place?

We are from Rajasthan.

2. May I know about your designation, academic, experience in business and family background?

I am a B.Com from Osmania University. We shifted to Hyderabad in 1972. My father was General Manger in Universal Cables a big cable company. Hyderabad was untapped area by the time 1972 we shifted. He shifted to Hyderabad as a general manager of south India. He was there in service up to 1977 he left Universal cable. They have given him the distributorship of cables for five years. 199-86 we were in trading slowly he started business in Hyderabad I and my brother finished our education and we were there with my father. We started the

unit with the 50 lakh annual turnover and five lakh per month. Power cable back to back power cable, submersible cable for agriculture, mining cables for mining sector then with finally with cable punch cable this is the latest technology in 1998-99. We got around 50 -60 cr business annually. At that time business opportunities were more in Andhra Pradesh. We started PAWAN POWER PRODUCTS Private LTD now the company we developed as a PAWAN POWER & TELECOM COMPANY LTD.

3. What inspired you to enter in to the business?

Basically trading (Cables) started by my father later we started manufacturing cables. I admire of my father. Because of my father we choose this product. He was the man who showed the way.

4. Why do you choose Hyderabad to do business?

My father got experience in working with Universal trading company belongs to Birla's this experience gave us strength and confidence. Because Hyderabad was an untapped in those days and of my father job shift to Hyderabad we have chosen Hyderabad to continue our business. In those days Singareni was the biggest market was another reason to choose Hyderabad.

5. Do you have any advantage to start this particular business?

My father experience in cable business was the biggest advantage for us.

6. How do you procure capital for your business; either from any govt or private institutions or from the relatives or own; can you explain?

We directly get the finance from the bankers especially from Andhra Bank.

7. Can you share some of your struggling and experiences?

There is always struggling. To day also we are struggling. Whole electricity boards are my customers all over India. APSEB is my major customer. Because of the competition from the other companies we are unable to get projects up to the level of my company production capacity. Many companies wanted major share. Because of the competition out of 23 only seven are surviving in the field now remaining all are closed. Almost conductor manufacturing companies al most are closed. Only cable companies and who are manufacturing varieties of products are surviving now. I have a capacity of manufacturing 10,000 km but I could get tenders (orders) only for 5000 km. The volume of the orders are remained same and the number of companies increased caused competition and getting less volume of orders and slow downning the business. The orders also coming based on the L1 process not based on the performance and quality.

8. How do you understand the concept entrepreneurship?

Entrepreneurship is benefitting to the society. As an entrepreneur we are providing employment, paying taxes to the state. We are making the society as better place.

9. "The communal and family nexus are important in development of entrepreneurship in India" what is your opinion?

It is all depends; all past future are connected with that suppose my father started this business in small way me and my brother developed to this level, we expect that my kids and my brother kids make it bigger.

10. How far the implications of state regulations and the political connections of entrepreneurs will help for the successful business in India?

We are in India we know how to handle the things any thing we can do. They want to develop one pocket of county by killing the other pocket. For example I can say Haridwar given some concessions where there is excise duty, there is no sales tax, and there is no income tax, all holidays are given them. One company wanted start a company they do not need to pay all these things. We have struggled a lot for so many years to come up this status now they want to kill us means industry like us kill. Once a company grown to a status your killing that

and seeing that putting up another company. These kinds of holidays are advantage for the big companies. They set up a plant any where in the country. Companies like us suffering a lot because of these kinds of regulations. Giving holiday for such companies is good but not this much type. It should not be given 20% and 30% concessions like this. It can be given 5% or 6% concessions. There are many companies effecting with this kind of acts. Some states governments giving benifits to many companies but our state govet not giving any benifits. The other states have some reservation for the local companies means some orders does not go out side their state but in our state L1 (Tender Based Lowest bid) is the criteria. They do not see the quality or qualifications. Maharastra Tamilnadu they keep some quantity of work to promote the local entrepreneurs but our state is not like that.

11. Do you have any formula for the successful business? What methods did you follow to succeed in your business?

Maintaining good quality material is our formula for the success. We have many govt certificates. We are major supplier to central government bodies like NTPC and Power Grid Corporation of India Ltd were the two significant power corporation of India. We are approved by them. For our country i can proudly say that we stood with our country when it is require, Andaman electrified by Pawan Power Company at the time of tsunami disaster in 21 days in record days. Without any formalities we got this work based on previous performance we

supplied to 100 km. We also electrified Rama gundam Dharmal Power station after fire disaster. We supplied to KTPC also after fire accident.

12. Can you share your experience in doing business prior to 1990s else where or in Hyderabad?

By 1990s liberal policies have come but it not come in to effect with the industrial sector. I feel that from 2000 new mellinianium on words things are improved. Government departments are better than privet departments we feel secure in getting payments. Private business people are taking two to three months for payments. Power sectors are improved with govt support.

13. What kind of changes did you notice in Hyderabad business enterprise after liberalisation with reference to your sector?

We can not compare pre and post liberalisation periods. Because it some time and by the time 2000 only it started showing its results. Any how Payments are improved, prior to the liberalisation there was huge tenders but after liberalisation small tenders are coming. New entrepreneurs are coming in to the lime light competition increasing.

14. What kind of trends and tendencies did you notice in your area of business?

More advanced technology is using. Andhra Pradesh is producing Triple A conductors. All other states are also following that has given an edge in the market. We got lot of opportunity to execute the orders that build up our image in that particular field. The more you do the qualifications you get it, more quality you do the more opportunity you will get it which helped a lot for us.

15. How do you differ the Hyderabad business with other cities in India?

Our state is not giving us benefits which other states are giving, like Rajasthan is not considering the sale as apart of costing because they take tenders of their own state. Maharashtra also do the same thing, all electricity boards have the reservation for their companies where as we do not have it so that we are facing that problem. It is not for only for electrical cable it is for every type of industry.

16. Hyderabad businesses have been growing well from the past ten years or do so?

Do you think it is sustainable if so why?

I can say about my type of company that Hyderabad have not that kind of very much future all ready it is a developed state it is not under developed state like Bihar, Uttaranchal, Haryana, Orissa etc. These states have a lot of requirement AP doesn't have that much requirement but electrification is going on is very big way

in west Bengal and the above mentioned states where the central government focusing on the states.

17. Can you anticipate any apprehensions in Hyderabad business going to be faced in coming future?

Companies' coming from out side is the biggest apprehensions.

Samanta Reddy
B2B Software technologies LTD
Somaji Guda
Hyderabad- 500 082
AP. Inida.

22-09-09,
11Am.

Samatha Reddy is an upcoming women entrepreneur in Hyderabad. She came from agricultural land owning family basically from Warangal settled in Hyderabad. She studied Bachelor of Commerce from St.Francis College. She is now CEO and co founder of the B2B Technologies. Accidentally she entered in to IT business, as she says somebody offered to be cofounder who is the medical doctor from the US; he wanted to start an IT company he chooses her even though she did not have any IT background. Jack Well is her admired leader where he comes up with lot of theories and practical management theories at work.

She started B2B Software Company in January 2000 through equity participation, put money one time and then started business with 5 crore. Company turnover is likely nearly 9 crore right now. This company offer enterprise solution for the mid market companies. This product also is new in the market. She says that 'we are not competent with IT giants like Styam, Wipro, and Infosys etc like that because our sectors are deferent and customer target is deferent. Their customer target is deference and our costumer target is deferent. They look at more enterprising market we look at the mid size market and the small'.

She further says about the advantages of Hyderabad 'In Hyderabad you get good skill technical associates. It is not expensive like metro cities also. In 2001 there was a Dot com Burst. From 2009 onwards it was very bad for IT, it is very down turn we have to work on it'.

According to her 'the communal and family nexus are not important in development of the entrepreneurship'. People can learn become get entrepreneurship skills or develop it. Her family did not do any thing to do with her business. But she was basically come from business family and she was only person in IT nobody knows about IT business in her family. Their family have other businesses of manufacturing

She says that there is no method for success 'we should work hard, we should restratagige, we should keep realigning of business, moving with customer needs whatever they require, their offerings'. About The trends change she could observe that from the past five years there has many changes happening in IT business. The recession and various other things causing many changes in the industry. Various companies looking for domestic market now. But Hyderabad entrepreneurs are more aggressive; they take more risk. Where as IT business will sustain, compare to the other metros it is much cheaper here all the resources.

Interview

1. May I know your native place, family, academic background and present position in business?

My native place is Hyderabad basically we come from Warangal, my father is a farmer. I am Bachelor of Commerce from St.Francis College. I am CEO and co founder of the B2B Technologies

2. What inspired you to enter in to the Pharma business?

It is accidental, some body offered to be cofounder I have one co founder in the US. He is the medical doctor, he wanted to start an IT company he choose me even though I do not have any IT background.

3. Can you tell some business leaders who you admire in the area of your business?

Jack Well, he given lot of theories very practical management theory at work. I think he definitely one person. I read his books. He is not a business leader but he writes books for Ram Charan. So I like his books

4. When did you start your company? Why did you choose this product? Could you brief about your company?

We started this company in January 2000. This is product new in the market and this product is mid market company no body was doing some this. We offer enterprise solution for the mid market companies.

5. Since it is a small company, How do you compete IT giants Like Satyam, Wipro, Infosys etc?

We are not competent with IT giants like Styam, Wipro, Infosys etc like that because our sectors are deferent and customer target is deferent. Their customer target is deference and our costumer target is deferent. They look at more enterprising market we look at the mid size market and the small.

6. Do you have any advantage to start this particular business?

In Hyderabad you get good skill technical associates. It is not expensive like metro cities also.

7. How did you procure capital for your business in the initial years? Can you explain?

Through Equity participation, we do not have any debt; we put money one time and then started business with 5crore. Our turnover is likely nearly 9 crore right now.

8. Can you share some of your struggling, shortcomings in your area of business, how did you overcome?

In 2001 there was a Dot com Burst. From 2009 onwards it is very bad for IT companies; that was bad time it is very down turn we have to work on it.

9. 'The communal and family nexus are important in development of the entrepreneurship in India' what is your opinion?

No I do not think so; I believe that there is nothing as natural entrepreneur. People can learn become get entrepreneurship skills or develop it. My family did not do any thing to do with my business. I am not the first person from my family but I am only person in IT nobody knows about IT business in my family but we have other businesses of manufacturing I am only the person came on the IT on my own with another partner.

10. How far the implications of state regulations and the political connections of entrepreneurs will help for the success of business in India?

I do not think any huge implication or connections except that STPI act are such like that.

11. Do you have any formula for the successful business? What methods did you follow in your business?

There is no method; we should work hard, we should re-strategizing, we should keep realigning of business, moving with customer needs whatever they require their offerings.

12. What kind of changes did you notice in Hyderabad business enterprise after liberalisation with reference to your sector?

We started the domestic market now various companies are also looking at the domestic market because of the recession and various other things that is the change. It is happening for the past five years.

13. How do you differ the Hyderabad entrepreneurs with other cities in India?

I think there is no much deference, every city have their own IT entrepreneurs may be compare with the other metro cities here entrepreneurship started little late. Hyderabad entrepreneurs are more aggressive; they take more risk.

14. Hyderabad business has been growing well from the past ten years or does so? Do you think would it be sustainable if so why?

It will sustain, compare to the other metros it is much cheaper here all the resources.

Prof. Ramakrishna
Dean, NIMS
Hyderabad.

As he says many government doctors left their jobs, started private practices where they felt that their talent becoming waste and not recognized in government treatments. They were in search to prove their true profile which was the main reason for the establishment of the private hospitals. As time go on the disease pattern also changed communicable disease started decreasing and non communicable diseases got prominence like BP, Sugar etc. Technology is needed to diagnosis the disease. The traditional methods could not diagnose these non communicable diseases. In addition the nature of the disease changed. The patient has to suffer through out his life. They need life attention. Thus these are more depended on hospitals to sustain their life, consequently these people giving life to corporate industry.

He says that the establishment of NIMS was the historical land mark in the history of hospital industry in Hyderabad. And the Corporatization of Hospitals started with entry of Apollo hospitals.

He disagreed that doctors are not doing business. Professionals are deferent from business man. For example Apollo run by non doctor Pratapa Reddy's daughter Sangeetha, wahkhard hospital run by professionals, Image hospital run by non doctor, hence professional are nothing to do with business. Most of the doctors are just like employees in corporations. Thus doctors are not entrepreneurs. There may be few doctors doing business with some family, political backing, as a professional doctor can not become a business

Murthy Gorle
Vice-President
Perils Distilleries
UB Group,
India

He came from orthodox Hindu cultural family. His father was a high court judge. His studies carried from Guntur and from Loyola (Intermediate) college, Vijayawada. He passed common entrance Examination from Andhra University for electronic Engineering, later he went to abroad for higher studies did his MBA. He applied for Manager Job in Lerson and Turbo (L&T). 1987-1990 march he got good experience by working in that company

Unknowingly he entered in to the liquor business when he was searching for job in Hyderabad to be with his parents. Subbarama Reddy chairamn of the Balagi group of Companies brought him in to this liquor company to look after his new venture. He wanted to launch a new distillery plant in Hyderabad. Uninterestingly he joined into the company. But he took it as a challenge later he was assigned many tasks (Udayan Printing Press was) in 1996 he came back to liquor marketing he introduced many management techniques things into the liquor marketing.

Raghavan Guruswami

Vice President

Polaries

Hyderabad

As he says “*The policies pursued by the local government(s) in Andhra Pradesh - particularly by Naidu and subsequently by Reddy - provided the support One can quote the setting up of exclusive zones for Pharma industries around Hyderabad and also near Vizag (to check. Banks in Andhra Pradesh - particularly ICICI Bank in the initial years very aggressive - to take up exposures in pharma industry as they have exceeded their exposures in other industries. This could be one reason. Some of the initial successes made by the first generation entrepreneurs in the pharma field in AP gave the courage and push to other investors to plunge in the industry one can cite these three as the main factors. The other factors could include - availability of well educated employable work force. Please correct me if I were wrong - Andhra Pradesh as a state has been offering good quality education in the Pharma field from time immemorial (please check this statement) and many intelligent young minds took up these courses when they could not get admission to the first tier medical education. Another factor could be, nearby underdeveloped states like Orissa needed quality basic medicines at a much cheaper cost and naturally to produce such basic medicines at near by location to save transportation costs could be another reason. Pharma industries in Andhra Pradesh could enter into agreements with overseas leading Pharma companies for supply of basic formulations and basic medicines. One more important reason could be - the bunching of certain important medicines or formulations which were in the negative or proscribed list got released for production / supply from other countries due to expiry of patenting rights? May be the well developed countries chose to sub contract manufacture and supply such medicines/formulations for less costly locations. Andhra Pradesh happened to be one among them. One can list out many reasons but they have to be substantiated with primary / secondary data, which a resource scholar would of course do. Well. I may go on and on and I may come out with a mini report itself. Let me hold on”*

Interview with [Raghavan Guruswami](#) vice president Polaries Hyderabad | 08:50 PM May 21, 2009.

APPENDIX – II

RELATED WEB ADDRESSES

- <http://igmlnet.uohyd.ernet.in:800>
- Scholars.google.com
- Screnednet.com
- Find articles.com
- Muse.jhu.edu
- Springer link.com
- <http://Blackwell Synergy>

Websites:-

- www.budgetindia.nic.in
- www.undp.org
- www.worldbank.org
- www.rbi.org
- www.apinvst.co.in,
- www.apit.gov.in
- www.apind.gov.in

Industrial Policies:-

- <http://dipp.nic.in>
- www.smallindustryindia.com
- www.laghu-udyog.com

Industrial associations:-

- www.ficci.com
- www.fapcci.in
- www.eliap.org
- www.bdma-assn.org
- www.ipapharma.org

APPENDIX – III

RESEARCH JOURNALS & MAGAZINES REFERED

American journal of Small Business,
Business & economy

Business India

Business today

Case folio the icfai journal of management case studies

Current Science

Economic Political weekly

Encyclopedia of Entrepreneurship Development.

Front line

India Today

Indian Review

Out look

Out look Business

Political science Quarterly

Political science Quarterly

Social scientist

The Business History Review

The Encyclopedic District Gazetteers of India – SouthernZone.

The Gazetteer of the District of Hyderabad, 1980

The Hindu Survey of Indian Industry

The icfai Journal of entrepreneurship
Yojana

APPENDIX - IV

LIST OF DEPARTMENTS VISITED

Andhra Pradesh Industrial development Corporations 1961, Masabtank, Hyderabad.

Andhra Pradesh Industrial Developmental Corporation, (APIDCO] Parisrama Bhavan, Basheer Bagh, Hyderabad. Mail: - apidc@ap.gov.in.

Andhra Pradesh Small Industrial development Corporation-1962 Balanagar, Hyderabad.

Andhra Pradesh State Archives, Hyderabad.

Directorate of Statistics Department Hyderabad.

Federation of AP Chamber of commerce and Industry, Hyderabad, Red hills Hyderabad.

Hyderabad small scale industries.

Hyderabad Stock Exchange, Somaji Guda, Yerramanjal, Hyderabad.

The Andhra Pradesh Industrial Infrastructure Corporation 1973.

The State finance Corporation (set up in all states in 1951, The Hyderabad & Andhra Pradesh Corporations being merged in 1956], Masab tank, opp: PTI building, near Mahaveer Hospital, Hyderabad.

APPENDIX - V

LIST OF BUSINESS GROUPS AND ENTREPRENEURS IN HYDERABAD

LIST -1

ENTREPRENEURSHIP PRE- INDEPENDENCE PERIOD

S. No	Period-During	Entrepreneur/ Communities	Places	Nature of The Business	Product
1.	The Qutub Shahi's	Marwari's and Jain's	<i>Karwan</i> and <i>Puranapul</i>	Local trade, handy crafts and industries	Diamonds and Pearls, Gold, Silver business
2.	Chin Qulich Khan- NIZAM Period.	Kayasta, Paskharas (Finance Minister) and Diwans (Prime Ministers). Maharaj Chnadu Lal, Maharaj Kishan Prashad, Marwari's, Agarwal's, Jain's, Parsees, Kutch Muslims, and Bohra Muslims.			
3.	Asaf Jahi Nizam		Charminar, <i>Guljar House</i> , <i>Pattar Gatto</i>	local weekly markets, shopping canters, wholesale trading centers, festival markets,	
4	18 th century	Local Nawabs, Marchants and Bankers, Palmer and Co			
5	19 th century	the Palmer and Company the administrative people		Industrial growth	Railways, roads, telephones. Coal, mining, cotton and textiles, agro-based industries, ceramic, chemical, metallic. Diamond cutting and polishing, leather, glass, ice, sugar, paper, perfume, shawls and the most important one, of arms and ammunition.
6		Sir Asman Jah had started a shawl.	factory at Golconda		
7.	19 th century			Large scale Industries	The Singarani Coal Mines were founded in 1870. The Hyderabad spinning

					and weaving company
8.	1868	In the year 1877 Bansi Raja	Balapur, near <i>Chinarai Gutta</i> (Sub urb of Hyderabad City)		This paper was manufactured by a steam machine
9.		Mr. Simson			The Golconda Ice Factory
10		Abdul Razak	Narayangu da with a capital of Rs.30lakhs in 1901		A sugar factory
11		Bansi Raja,			A gun factory was set up at Balapur in 1868 by Bansi Raja. Bansi Raja set up another factory for the manufacture of gun- powder at Chanderghat in the city
12	During 1875	Moulvi Mahmod	Khanipura in the city		Established the karkhana known as Dar-ul-Sanai where guns and small cannon were manufactured as samples.
13.	AP- Formation	Punjabi Sikhs	Koti, Abids, Ameerpet	the Karachi Bakery, Dunlop tyres of Nampally	Punjabi Dabhas

Compiled from various sources

LIST -2

BUSINESS GROUPS - POST INDEPENDENCE

S.No	Business group	entrepreneur	Area of the Business
1.	Nagarjuna 1980s	Sri. K.V.K. Raju	Construction, Steel, Fertilizers, Finance, and Signode,
2.	Pennar group 1980s		Bakelite Hylam and IDL (now Gulf Oil)
3	Saanghi group 1978.	Shri Anand Prakash Sanghi Sanghi and his brothers Shri Sudhir Sanghi, Shri Ravi Sanghi and Shri Girish Sanghi.,	textile started in 1979, diversified into publications (Telugu & Hindi Daily news Paper)
4.	Enadu 1974	Ramoji Rao	The print, television and the film industry, The Chit Fund Industry Margadarshi Chit Fund, 'Priya Pickles', Gas, Sylenders, Hotels, Education
5.	Shri Shakti Group 1970s	D.V.Manohar	
6	The Amrutha Group 1980s	Rajeev Reddy	Country Club India Limited (CCIL), Amrutha Estates
7		Basheeruddin Babukhan	Education Academy,
8	Lanco Group	Mr. L. Rajagopal	Construction, Energy,
9	GVK		Bio technology, Hotels
10	GMR	G.M. Rao	Air ports, Urban Infra Structure and Highways, Energy and Agri Business, Corporate and Internal Services;
11	TGL group 1970s and 80s		
12	Satyam	Satyam Rama Linga Raju	Infra, IT
13	Visual Soft in 1995	D. Venkata Satynarayana Raju and brother D. Rama Raju,	IT
14	Intelli Group an Infotech	Raj Koneru	IT
15	C.S. Software		IT
16	Data Tree:	Rakesh Sawhney MD	IT

LIST -3

PHARMA-BIOTECH

S.No	Year	Entrepreneurs	Company	PHARMA-BIOTECH
1		Dr. Anji Reddy	Dr. Reddy's Laboratories	
2	1996	Suchitra Ella and her husband Krishna Ella	Bharat Biotech International Limited	In 1996, when many Indians were going west looking for better opportunities, Suchitra Ella and her husband Krishna Ella, both professionals in their own right, decided to move back to India. Today, after 10 years of hard work, Suchitra is the founder director of Bharat Biotech International Limited, the largest biotech facility in Asia-Pacific and India's most prominent biotechnology company based in Hyderabad, that's behind some of the most recent vaccines for Hepatitis B, A, typhoid etc. Suchitra's leadership and organizational capabilities have been the key drivers for Bharat Biotech's success as a leader in developing new generation vaccines, pharmaceuticals and biotherapeutics. With a vision to offer health care products at affordable prices, the company is committed to the goal of empowering intercontinental efforts to combat infectious diseases across the globe. Suchitra's company now boasts of an annual turnover of over Rs 40 cr (www.bharatbiotech.com/2005_may05.htm)
3	1984	Mr. Sarat Gopal	Matrix Laboratories,	Herren Drugs & Pharmaceuticals Limited was incorporated as a private <u>limited company</u> on November 29, 1984 and was subsequently converted to a public limited company on August 29, 1992 for the manufacture of bulk drugs. <u>The company</u> commenced its <u>commercial production</u> in October, 1989 with an installed capacity of 72 TPA and has increased its capacity to 252 TPA in Sept, 1993 and has been involved in the production of Ibuprofen, Sulphamethoxazole (SMX), Norfoxacin and <u>Pefloxacin</u> . <u>HERREN DRUGS & PHARMACEUTICALS LIMITED</u> is the flagship company of the Herren Group, founded by Mr.Sarat Gopal. Besides Herren Drugs a Pharmaceuticals Ltd., Mr.Sarat Gopal has also successfully promoted four other Bulk Drug and Intermediate manufacturing units, M/s.Dolphin Drugs (P) Ltd., United Intermediaries & Chemicals (P) Limited, Dymes Engineers (P) Limited and M/s.Dymes Exports Ltd. The Group owes its success and growth largely to its Promoters for their dynamic vision and total dedication. With a modest turnover of Rs.25.00 lakhs in the year 1989-90 the Group has enjoyed a steady growth resulting in a total turnover of Rs.25.00 crores for the year ended 31st March 1994. (http://www.moneycontrol.com/company-facts/matrixlaboratories/history/ML07)
4	1993	Dr.BPS Reddy,	Hetero Drugs Limited,	Established in the year 1993, with the motto to be the best in the API manufacturing, Hetero today embodies the vision of a top notch player in developing and commercialising products catering to a variety of therapeutic categories, integrating into a leading finished dosage manufacturer. The spirit and brain behind the success story of Hetero is its founder Dr.BPS Reddy, a Scientist who started the company drawing immense strength from the vast and rich experience he gained during his earlier stint at the Laboratory where he was instrumental in developing and commercializing processes for several APIs . The Company was started by him with a vision to be recognised as an aggressive company that combines its strength of R&D and manufacturing with definite advantages in terms of cost and chemistry with a strong emphasis on Quality of the products. The untiring efforts

				<p>of the Chairman saw Hetero develop processes for several products at relatively low cost, thus making it possible for several life saving drugs to be available at affordable prices, meeting all the Regulatory and Quality norms With the organisation having reached a point where it is identified among the widely recognised companies, the Chairman is now focussing on giving new dimensions to the company in terms of exploring possibilities of further growth, exploring new horizons in the field of Pharmaceutical development and evolving strategies to take the company to greater heights All the members of Hetero Family draw inspiration and motivation from the Chairman in working towards achieving the Organisational Goals.</p> <p>http://www.heterodrugs.com/htmls/founder.htm</p>
5	1990,	Dr Murali K Divi, Chairman and Managing Director	Divis Labs,	<p>Established in the year 1990, with Research & Development as its prime fundamental, Divis Laboratories focussed on developing new processes for the production of Active Pharma Ingredients (APIs) & Intermediates. The company in a matter of short time expanded its breadth of operations to provide complete turnkey solutions to the domestic Indian pharmaceutical industry. With five years of experience, expertise and a proven track-record of helping many companies with its turn-key and consulting strengths, Divis Laboratories established its first manufacturing facility in 1995. Built on a 300 acre site at Hyderabad (Unit-I). the plant comprises of 13 multi-purpose production blocks and has space for further growth and expansion. Divis Laboratories set up its second manufacturing facility at Visakhapatnam (Unit-II). in the year 2002 on a 314 acre site. The site has 7 multi purpose production blocks.</p> <p>http://www.divislabs.com/inside/aboutdivis.asp</p>
6	1986	Mr. P.V.Ramaprasad Reddy, Mr. K.Nityananda Reddy	Aurobindo Pharma Limited	<p>Aurobindo Pharma was born of a vision. Founded in 1986 by Mr. P.V.Ramaprasad Reddy, Mr. K.Nityananda Reddy and a small, highly committed group of professionals, the company became a public venture in 1992. It commenced operations in 1988-89 with a single unit manufacturing semi synthetic penicillins (SSPs) at Pondicherry. Aurobindo Pharma had gone public in 1995 by listing its shares in various stock exchanges in the country. The company is the market leader in semi-synthetic penicillin drugs. It has a presence in key therapeutic segments like SSPs, cephalosporins, antivirals, CNS, cardio-vascular, gastroenterology, etc. Over the years, the Aurobindo Pharma has evolved into a knowledge driven company. It is R&D focused, has a multi-product portfolio with multi-country manufacturing facilities, and is becoming a marketing conglomerate across the world. Aurobindo Pharma created a name for itself in the manufacture of bulk actives, its area of core competence. After ensuring a firm foundation of cost effective production capabilities and a clutch of loyal customers, the company has entered the high margin speciality generic formulations segment, with a global marketing network. The formulation business is systematically organised with a divisional structure, and has a focused team for each key international market. Aurobindo believes in gaining volume and market share in every business/segment it enters. Aurobindo has invested significant resources in building a mega infrastructure for APIs and formulations to emerge as a vertically integrated pharmaceutical company. Aurobindo's five units for APIs and four units for formulations are designed for the regulated markets.</p> <p>http://www.aurobindo.com/companyhistory.htm</p>

7	1984	Dr.S P Vasireddi.	Vimta Labs	Vimta Labs Limited established in 1984 by Dr.S P Vasireddi. Vimta Labs is a leading provider of multi-disciplinary contract research and testing services in India. With its international quality systems, world class infrastructure and expert human resources, today VIMTA is the preferred choice for many market leaders across the globe VIMTA has an envious track record of providing its services to several prestigious clients across the world, including six "Fortune 500" companies, and three of world's "Top Ten" generic drug development companies (April'2004 Reachout Hyderabad.com, News Bureau)
8	1985	G.V Prasad	Chemino r Drugs	GV. Prasad. spent his initial years in managing various construction projects in Karnataka. His first exposure to the world of <u>pharmaceuticals</u> was in 1985 with Benzex Labs, a <u>pharmaceutical</u> enterprise that he co-founded. Benzex was later acquired by Dr. Reddys and Prasad returned to the construction business, only to come back to Pharma in 1990 – this time as the CEO and MD of Cheminor Drugs Ltd. Prasad infused professionalism, good governance and transparency to transform Cheminor into a world class <u>Active Pharmaceutical Ingredient</u> and <u>Generics</u> manufacturer.(Wikipedia free encyclopedia)
9	2001	GV. Sanjay Reddy	GVK Bio	The exponential increase in the number of targets has created vast opportunities and even greater challenges. More drug candidates must be achieved with shorter times-to-market, making reliable and cost-effective research support a critical factor for success. At GVK BIO, we provide contract research services to a rapidly growing base of global pharmaceutical and biotechnology companies. We combine Science, Innovation and People to help our clients address their drug development challenges. New frontiers require new ways of working and we believe that to deliver the true promise of science, innovation is necessary. Our customers benefit not just from lower costs and boosted efficiencies, but also from the infusion of fresh ideas and thinking. GVK BIO is a part of the \$1 billion GVK group. GVK is a diversified enterprise having interests in Infrastructure (Power, Transportation and Urban Infrastructure), Services (Hotels, Life-sciences and Financial) and Manufacturing (Particle Boards, Resins and Chemicals). GVK BIO is one of India's premier CROs, providing an integrated platform of research services across the Pharma R&D value chain to a growing number of global Pharma and Biotech companies.

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APPENDIX-VI

Markets Centers

The diversified settled communities meeting places, administratively prominent places emerged as a market centers in the course of the history. More so a wide range of these settled communities with diversified religions, linguistics and ethnic backgrounds helped to sustain the places as business centers. Further it is persuaded that as rich variety of markets places such are local weekly markets, shopping centers, wholesale trading centers, festival markets. These places played a major role in establishing the business centers since the Nizam even now also they maintaining their own identity of place names. The place names have survived in fiction even after the disappear of the facts or events after which they named.

The fairs and festivals also have played a significant role in promoting Hyderabad business. A substantial quantum of trade is transacted in fair and festivals known as *melas* organized usually on religious occasions. The important among them held in the twin cities of Hyderabad and Secunderabad are Jagannadha Swami Rathotsavams, Sitaram Ratha Jatara, Hanuman Jayanti, Yusuf Sahed Sherit Saheb Urs, Baba Sharfuddin Saheb urf and Hazrat Shah Qamoosh Saheb urs. The commodities that are transacted on such occasion include fancy goods bran and aluminum vessels, bangles, wooden articles and toys¹. In the past, when the barter system was in vogue, producers used to exchange their surplus produce for the goods and services required by them. The weekly markets known as *Shandis* or *Angally* are even now regularly held in Hyderabad city and the taluks of Tandur, Vikarabad and Medchal in the district and a good deal of retail business in turned out in those *Shandis*².

14. Prasada Rau, M V S. *The Gazetteer of the District of Hyderabad*. 1980. PP. 113-114.

15. Prasada Rau MVS, Op.Cit, P.P. 113-114.

More so the richness of the place names exemplified and high lighted the functional, environmental, social and religious character of the localities. The functional character of the localities is indicated by such endings as Gunj, Mundi, Bazar and Hat. While the words *Gunj* and *Mundi* are urban in character and suggested whole sale trading in specific communities, such as Shakargunj, whole sale trading centre for sugar or Subzi, Mandi whole sale market for vegetables, the word Bazar refers to a small shopping centre of a small town Akbar Bazar, Chatta Bazaar, but that is used to denote period markets, and hints at the rural character of the localities which of course is now urbanized for ex – *Mangal hat*; Market held on Tuesday³.

In the 18th century the major parts of the business dominated by commercial activities like trading and money lending at every level rather than industrial trading. Manufacturing was eagerly in the hands of artisans were often depends as merchants to provide finances for their operation and buy their products, although the artisans also sold directly to the final consumer.

It is in this context it is in deed to remind about some of the market centre having historical importance as follows that most of the business centers were established in the name of state influenced people though the establishment of the markets centers based on cultural identity.

Sultan Bazaar

It is one of the oldest and a very important shopping centre situated between residency and chowdi, where in the evening thousands of people and found selling and purchasing goods and articles. Before 1933, it was under the



Sultan bazar

16.Chandraiah, K: Op.Cit, PP – 224 – 228.

jurisdiction of the British Residency. This area was previously known as the Residency Bazar. This Sultan Bazar is inhabited mostly by Marathi speaking people with the residency now occupied by the University Women College in the vicinity as a landmark. The Bank Street and the Andhra bank head quarters are recent new additions.

Umda Bazaar

It is a bazaar situated inside the Doodh Baoli is to the west of Piagah palaces and about a mile to the south of Hussaini Alam. It was a major shopping centre during the Asaf Jahi period serving largely the Paigah palaces and the surrounding upper class residential districts. It was named after Umda Begum Mother of Nizam Alikhan Nizam II. She was alleged to have poisoned the first son Giazuddin of Asaf Jah – I to put her son Alikhan on the throne at Aurangabad.

Hasmat Gunj

It is the name given to the grocery shopping centre in the vicinity of the Residency. The place is named after major Kirkpatrick, British residency at the court of the Nizam II, from 1798 to 1804. The Nizam conferred upon him the title of Hashmat Jung after whom the said market was called “Hashmat Gunj”.

Rikab Gunj

Rikab Gunj always implies a wholesale shopping centre. Rikab Gunj is the name of the localities behind the present Madina building Pathergutti extending from Ghansi Bazaar to Dewdi Mama Jameela the word “Rikab” was used in the sense of companies or in accompaniment with. After the fall of Golkonda in 1687 A.D. the Mughal imperial forces and their commander “Kam Bakshsh” stayed in Hyderabad city. Around his place, houses for civil and Militant officers lived was called in Urdu, Sadat meaning

cantonment. Since then these two localities came to be called “Rikab Gunj” and Urdu Shareef (Shareef because of the Durgah of Huzrath Shaikji Hali in this locality).

Karawane Sahu (Caravan or Merchants)

This locality sprang up during the Qutub Shahi period between Purana Pool and the fort of Golkonda and derives its name from the camp of Traders. It covers an extensive area and includes other small localities like Mustaidpura, Kulsumpura, after Lady Kulsum Bi; Subzi Mundi named after a wholesale vegetable market and Rangrezpura i.e. dyers. During the reign of Ibrahim Qutubshah it has become a thriving trading centre with merchants thronging from all parts of India and even abroad camped here. Tavernier the French Jeweler rented out the rooms for stay here in order to facilitate commercial transactions mosques and store – houses at a distance of about three miles to the east Golkonda. During the Qutub Shahi period, most of the Gujarathi and Marwadi merchants lived here, which is testified to by the existence of an old Jain temple. Karawan is now one of the most backward areas as it is now occupied by Urdu – Hindi speaking economically deprived sections of the community.

Mir Alam Mandi(Market)

The area formerly close to the Salarjung places, goes by its functional character. To the east of the Pathergutt lies this wholesale vegetable market named after Nawab Mir Alam, the Prime minister of Nawab Sikandar Jah Bahadur Nizam – III around 1799 – 1805 A.D. It is the largest whole sale vegetable market of the town. In



Mir Alam Mandi

proximity to Charminar the high court and laid bazaar. It is highly congested but gets fresh vegetables at cheaper rates⁴.

Secunderabad

Secuderabad emerged as the biggest market centre by the middle of the 19th century. Several large shops have been opened by Parsis and others, where European goods are procurable but of late years these have fallen of much, as the officers take advantage of their messes, and send either direct to England or to the presidencies for whatever they require; besides which, several native merchants come up annually from Bombay with large investments, which are generally of better quality and cheaper than those ordered by the established shop- keepers. The bazaars, both general and regimental, of the station of Sekunderabad are very excellent, and under the superintendence of officers attached to the commissariat department of the army; they are kept well supplied with provisions of every description, although at higher prices than at the other cantonments in the Nizam's dominions, owing, it would appear, from the densely populated capital being situated so near⁵.



Mojamzahi Market
Market



Purana Pul business area



Mojamzahi

17. Chandraiah, K. 1996. 'Hyderabad 400 Glorious Years'. Hyderabad; Information and Public Relations. Government of Andhra Pradesh. PP. 224 – 228.

18 . Wilson.J.R: Routes in the Nizam's Territory, *Journal of the Royal Geographical Society of London*, Vol.

13 (1843), pp. 118-132 Published by: Blackwell Publishing on behalf of The Royal Geographical Society

(with the Institute of British Geographers) Stable URL: <http://www.jstor.org/stable/1798138>

Accessed:

02/02/2009 08:57.



A street seen in Mohaboob Gunj

BUSINESS HISTORY

A STUDY OF ENTREPRENEURIAL CHANGE WITH REFERENCE TO HYDERABAD

SYNOPSIS

DOCTOR OF PHILOSOPHY

BY

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2009

Hyderabad city once a princely state has been chosen for my research due to its role playing in the business entrepreneurship from the beginning. This is a historical study aiming at understanding the historical entrepreneurial changes and transformation, its transactional character and its trends of the recent past of Hyderabad. The main concern of this study is to offer an over view of long-term trends of business keeping in view its socio-economic-culture of Hyderabad. This work mainly locates on entrepreneurship rather than macro-economic investment or trade theory and the period covers from 20th century predominantly from the Interwar period to the post liberalization period of the recent past (1900-2000). Since there is no adequate research on business history and entrepreneurship on Hyderabad which necessitated to take up this on this unearthed.

The concept of entrepreneurship is having certain complex tradition within the economic and business activities; to formulate a sufficient definition is extremely difficult where this concept has a long and rich tradition within economic theory. Since this work is mainly focused on the concept entrepreneurship, this work widely tried to get the conceptual clarity and also devoted enough space to understand the nature of Hyderabad business. The concept entrepreneurship is varied from region to region and place to place. There is a need that entrepreneurship is to be understood in the context of the prevailing environment of that particular country. In Japan entrepreneurship implies abilities to multiply capital. In industrially advanced countries entrepreneurship is associated with innovation. In India entrepreneurship is allied with the traditions which mean socio-economic and cultural aspect.

In the modern sense entrepreneurs mean inspired individuals who create new ventures that solve problems or create new opportunities. Once if we look in to the historical back ground, the root of the word entrepreneurship can be traced back to

800 years to the French verb “Entrepreneur” which means “to do something”. Three hundred years later a noun form of the term appeared and soon thereafter both the verb and the noun entered the English language. The term entrepreneur first appeared in the French language and was applied to leaders of military expeditions in the beginning of the 16th century¹. In 1730 *Richard Cantillion*, an Irishman living in France was the first person to use the term *Entrepreneur* to refer to economic activities². *Richard Cantillion* used the term entrepreneur to mean a self employed person with a tolerance for the risk he believed was inherent in providing for ones own economic well being. Moreover he defined entrepreneur as a person who buys factor services at certain prices for selling his product at uncertain prices in future. He views an entrepreneur as a bearer of non-insurable risk³. Later there are many scholars like Prof. Knight, Joseph A. Schumpeter, Leibenstein, David McClelland and Dr. Anji Reddy tried to analyze this concept in different dimensions are continuously having been changing from time to time along with its scope.

As far as Indian is concern business history has not been studied extensively except few studies on the concerned area which could not carry on serious analysis by historians with a view to understand this subject. There are two predominant sets of perceptions from the available literature. The first set of perception is inspired by the writings of R.H. Tawny and Max Weber⁴. They argued that the dominant religion in India and the allied social system generated ethos and attitude which militated against the progress of economic enterprise. In other words caste division subdued occupational mobility, belief in the philosophy of Karma made people believe in their

¹. Long W. (1983). The Meaning of Entrepreneurship. *American journal of Small Business*, 8(2), 47-59(c971086) (CENCEE Web Teams.)

². Ibid. (CENCEE Web Teams.)

³. Ibid. (CENCEE Web Teams.)

⁴. Dwijendra Tripathi, Jyoti Jumani: The concise oxford History of Indian Business, Oxford University Press. New Delhi.2008 -PP-3.

fate of accident on doing ones duty without concern for rewards and it offered little incentive for material ambition⁵. This perception says about the creation of a lesser amount of necessary and insufficient precondition for worldly achievement. The result was that business success was a selection of preferred goal for the Indian mind.

Another set of perception offered a parallel explanation of the economic backwardness of India. This comprised a class of writers who carried forward a line of reasoning popularized by a group of polemist around the close of the nineteenth century that included such illustrious names as Dadabhai Naoraji, M.G. Ranade. G.K. Gokhale, and R.C. Dutt. It analyses within the framework of economic stimulate rather than cultural compulsion and the root cause of India's economic backwardness⁶. According to this set of perception the economic backwardness was the imperialist exploitation, preventing India from realizing in full economic potential.

With regard to Hyderabad most of the scholars followed second perception and were much focused on pre-independent period rather than on post independence period. The scholars like Prof. Y. Vaikuntam, Prof. KSS seshan, Ratna Naidu, Prof. K S Upadhyaya, Anuradha Reddy, Binod V. Rao were more prominent in connection with Hyderabad history. Their main concern was on economic aspect of Hyderabad. They emphasized and tried to analyze the economic backwardness of Hyderabad keeping in view of the pre-independence period.

The above literature did not explain adequately the meaning of entrepreneurship. The concept has not been directly studied at best. More over, the studies that have dealt with this issue have focused only on some specific periods of the time and there is no adequate literature on the post independent Hyderabad. _Most of the available literature on Hyderabad have focused on Socio, Economic, Political

⁵. Ibid.PP-3.

⁶. Ibid.PP-3.

and cultural history. Some works main concern was mainly on the Nizam history and they discussed about the business and entrepreneurship here and there by passing through but not showed full length attention⁷.

With regard to contemporary history of entrepreneurship in Hyderabad there is no specific study on equally there are no efforts to integrate city with the rest of the world economy in historical context. The available studies have engaged in single or fewer variables in their respective areas of studies of socio, economic and political aspects. In order to understand the changes in business in the contemporary period there is necessity of broader understanding of the concept and a wider set of dimensions of entrepreneurship to be studied.

The thesis is divided into six chapters, of which the first chapter is introduction which discuss the relevance of the study, perceptions, review of literature, objectives, period of the study and the chapterisation of the work. Further it deals with the concept which helps for the broader understanding and conceptual clarity of the entrepreneurship. And it also study about historical background of Hyderabad business and deals with the roots of the Hyderabad business from Qutub Shahi period to Nizam period keeping in view of the British impact on the princely state. It also studies that how Hyderabad provided favourable conditions for the

⁷.Most of the available literature on Hyderabad (Alikhan Raza, 'Hyderabad 400Years (1591-1991.., Austin Ian. 1992. *City of Legends (The story of Hyderabad]* India. .. Chandraiah, K. 1996. 'Hyderabad 400 Glorious Years'. Hyderabad. Nayeem Dr, M A. 2002. 'The Splendour of Hyderabad', Seshan, K S S, (etd.) 'Hyderabad-400, saga of city'. Vaikuntham Y. 2002. *State, Economy and Social Transformation Hyderabad State (1724-1948]*., Rao, R.S; Rao, V. Hanumanta; gopal, N.

Venu. (ed.) 2007. *Fifty Years of Andhra Pradesh 1956-2006*'. Hyderabad: Centre for Documentation Research and Communication (CDRC). Have mainly Focused on Socio, Economic, Political and cultural History. These works main concern was mainly on the Nizam history and they discussed about the Business and entrepreneurship here and there by Passing through but not showed full length focus. Till now there is no specific work on business Entrepreneurship of Hyderabad.

settlements of deferent communities who migrated and lead to form a cosmopolitan composition in the course of the history. The work also deals with different communities migrating to Hyderabad and their interaction with native people which necessitated and the encouragement of the Nizam state were the major reasons for the development of the Hyderabad business. It also studies how the local strategic locations laid foundation for the market centers in Hyderabad and about the business enterprises and their business organizations. How the entry of British business in the Nizam dominion gave a new shape to the Hyderabad business. More over it study how the business took place over a period of time and gave opportunities for new entrepreneurs and laid foundations for the modern business.

The second chapter deals with how the nature of the business enterprise transformed, strengthened and stretched towards industry during the interwar period in Hyderabad in relating to the establishment of Industrial Trust Fund, in the initial days and stock market in the later days revolutionarised Hyderabad entrepreneurship.

The third chapter focuses on the predominant changes in Hyderabad business keeping in view of the transcript of some of successful entrepreneurs and their business groups of Hyderabad in post liberalization period. For the most part, it focus on the shift of entrepreneurship from industry to service sector (Industry to knowledge based business) in observance of the impact of government policies, socio-economic developments and its mobility of the post liberal period thereby finding the predominant area of entrepreneurship followed by the fourth chapter on Information Technology, fifth chapter on Pharma Industry, sixth chapter on Hospital business entrepreneurs and concluding remarks as the last chapter.

The sources and methodology which is followed to carryout this research extensively is conventional and non conventional as well. For the primary sources we

consulted census reports of industries since 1930s, Gazetteers, statistical abstracts of Hyderabad state. And there is extensive use of archival reports; collected information by visiting important historical market centres and industrial areas in the city. Interviews and opinions have been taken from eminent persons and from successful entrepreneurs of Hyderabad, private and published papers of the successful entrepreneurs, company annual reports. I took audio, video recordings of interviews of successful entrepreneurs from all the sectors (can see annexure -1 for detailed interviews). The primary sources corroborated, cross checked and presented in chronological order with brief conclusions. The tables used in this work are compiled from the Industrial data collected from various govt departments that corroborated with the practical experiences of the successful entrepreneurs and also with secondary sources. More so I referred published journals, business magazines, periodicals, historic documents, biographies and also internet resources are the secondary for this work.

The limitation of this research is the dearth of considerable primary and secondary sources on Hyderabad business. This work mostly deals with the contemporary history in which it need to face many hurdles in writing the history. It needs to be considered that the historian who writes about the recent past faces difficulties very deferent from the historian who writes about the more distant past⁸. The reader of the contemporary history is unlike the reader of the medieval or early modern historian on trust. The reader, in other wards knows the truth even before the historian offers it to him. The reader of the contemporary history is a critical reader and an active participant in the historical dialogue⁹. The main challenge needs to be

⁸.Ramachandra Guha: The Challenges of Contemporary History, *Economic & Political Weekly*, June 28,

2008. PP-192-200.

⁹.Ibid. PP-192-200.

faced by the contemporary historian is that the reader often has strong notions about the topics he is writing about¹⁰.

To conclude....

The city since its inception was a collecting and distributing centre of goods to the north and the south of the country especially for high value merchandise drawing numerous brokers and merchants. Since its beginning the merchandise business is the predominant feature. The princely state sustained its unique nature even today. The Hyderabad in nature positioned in a strategic place and well connected with Surat, Goa, Bijapur, Malabar Coast, Masulipatnam and other important trading routes which catered the needs of regional, national and international markets of different variety of commodities.

The end of Asaf Jahi Nizam ruling from Golconda witnessed the shift of business from Golconda to Charminar, *Guljar House*, *Pattar Gatto* and Opened new shops. In later days when new Andhra Pradesh formed again there people shifted their business activities to new cities like Koti, Abids, Ameerpet and constructed shopping Malls, Shopping complexes and started living in estates, enclaves etc. After partition of India, Punjabi Sikhs, migrated to Hyderabad and settled down in doing various businesses and established their business in various fields. The Karachi Bakery, Dunlop tyres of Nampally were the best instances of their business establishments. Moreover they have done attractive business with Punjabi Dabhas.

¹⁰.Ibid.PP-192-200.

Thus the city Hyderabad is historically known as the city of *pearls, lakes* . The *Laad Bazaar* was an important market for *pearls* and *Jewellery*. Now also there are many stores at *Laad bazaar* situated near Charminar. Ornaments made with *rice pearls* used to buy from *Char Kaman* or the General bazaar market. Products such as silverware, saris, *nirmal*, *kalamkari* paintings, artifacts, unique *Bidri* handcrafted items, *lacquer bangles* studded with stones, *silk-ware*, *cotton-ware* and handloom-based clothing materials were made and traded through the city for centuries.

The extent and direction of the entrepreneurial changes witnessed after the Independence have been facilitated by the changes in the economic, social and political environment. Despite of its regulated policies the state has taken a series of measures to remove stumbling blocks to integrate industries and also to widen the base of the entrepreneurship. A net work of specialised financial institutions has been built to meet the requirements of the industry. Because of the state support Hyderabad acquired the basic industries and infrastructure in order to create a positive environment for private industrial investment. A policy support and incentives also has been introduced. Under protective state measures, such as tariffs, safe guarded markets and subsidies, the relative hazards of the industrial entrepreneurship have minimised. The state it self has played an entrepreneurial role to some extent.

The post liberalization period witnessed many dramatic changes in Hyderabad entrepreneurship. The traditionally and financing communities of Parsis, Banyas, Jains, Muslims are no longer only the entrepreneurial streams. The new springs of entrepreneurship developed among the communities, Kamma, Raju, Reddy etc, who came from rural land owning sector. The predominant feature of the Hyderabad entrepreneurship is always that the migrated communities take hold of the opportunity of doing business from Hyderabad.

More over traditionally the business allied activities constitute the family as the dominant source of supply of entrepreneurship, but what is striking after post liberal period is that the individual promoters with their individual backgrounds came in to lime light. There were many professionals like doctors, engineers, technicians and teachers etc broke the traditional business activities and swelled in to the ranks of industrialists. This transform is more aggressive in Hyderabad, still the communities confined to traditional hereditary occupations in other states but in Hyderabad the new emerging entrepreneurial class is attitudinally more different than the traditional communities. Their promotions are individualistic and not so much familistically inclined as the old entrepreneurs. They have sought alliance with other families or individuals of varied competencies and this phenomenon has relevance to draw more and more people in the vortex of industry.

There is a sudden blow of many knowledge based companies with new entrepreneurial class in Hyderabad. IT, Pharma, Hospitals sector became a promising sectors for Hyderabad entrepreneurs. The result showed a large concentration of knowledge based companies in the city. The trend of investments has shifted from traditional sector of textiles, sugar, paper, fertilisers, machinery, metals, and food industries to the new sector of IT, chemicals, Pharma, real estate, and retail business etc.

The communities from deferent parts of Andhra Pradesh formed as new entrepreneurial class. This new entrepreneurial class has not been slow in grabbing the opportunities offered by the development needs and they are more prone to take risk and face competition. The performance of companies promoted by the new entrepreneurs in terms of corporate growth is not comparable to that of the old entrepreneurs. Their performance in modern sector is more impressive than the

traditional sector. The entrepreneurs with non business backgrounds mainly entered the modern sector and surprisingly did better in both sectors, than the entrepreneurs having business backgrounds.

Hyderabad became a testing ground for their entrepreneurial experiments. The area of the Infrastructure development became prominent for the newly charged business people in Hyderabad. Most of the business men shifted their business activities to Hyderabad and started investing in Hyderabad. The IT, Pharma, hospital, Infrastructure, Retail etc, created its own space and reached its heights and developed global standards. Both the governments TDP and Congress gave immense encouragement for the development of the Hyderabad business.

IT era

As far as the IT sector concerned, it became the main promising sector for new entrepreneurial aspirants in the post liberalisation. The IT industries got prominence with enormous potential in Hyderabad business. Entrepreneurship in this sector has every chance to enhance and create wealth. IIT's have produced many distinguished persons in the field of Information Technology. Narayana Murthy and Ramalinga Raju have the distinction of inspiring doing business in information technology. Specialization in Hyderabad IT field has witnessed unprecedented growth with many successful enterprises, recording annual growth rates never seen before in the India Industry. This industry became a big paymaster and has attracted students from every discipline including life sciences and people who have trained in diverse field as

Aeronautical Engineering, Molecular Biology, and Civil Engineering, have opted to move into information technology industry.

The inward looking economic trends, global opportunities, the social, economic, political environment, technological advancement and availability of skilled human resources in Hyderabad have propelled the Information Technology sector. It opened new vistas in Hyderabad business where it has immense potential for the growth Hyderabad business. The large pool of scientific man power and strong commitment of the state government promoted this industry.

Pharma wave

The new climate for enterprise emerged in the wake of liberalization could be seen that there are huge global opportunities for Pharma business in Hyderabad. It is natural and these conditions created the most successful entrepreneurs in the Pharma sector. Dr. Anji Reddy's or Reddy's Laboratories, a health care and pharmaceutical company at Hyderabad predominant among them.

This period also witnessed the emergence of the handful of Pharma companies in Hyderabad. A large number of entrepreneurial startups emerged very strong and started churning out new drug discoveries for the world. And few Hyderabad companies became leaders in the global generics markets. It also increasing fuelled by the service sector created products and service based on intellectual property. Predominantly Hyderabad emerged as a major centre for pharmaceuticals business with multinational standards in both bulk drug and retail business. The Companies such as Dr. Reddy's Laboratories, Matrix Laboratories, Hetero Drugs Limited, Divis Labs, Aurobindo Pharma Limited and Vimta Labs being housed in the city comes under the bulk drug business.

Historically, hospitals were always run by charitable trusts or governments. Most charitable hospitals and even government hospitals have moved towards recovery of costs for patients, particularly expensive consumable and medicine costs. The post liberalization phase witnessed the revolutionary growth of private hospitals and diagnostic centres in Hyderabad. In the post liberal period the private nursing homes started creating their own space in the health sector. The public hospitals and the medicines like aurvadic and unani has lowered its prominence in the field. The socio, economic and political environment propelled the private nursing homes in Hyderabad city. The element of profit making entered in the sector and many entrepreneur turn towards launching their business enterprise in the hospital industry.

There were many private corporate hospitals came up with the objective that making business with health, set their identity and created their own business in Hyderabad. The element of enterprise replaced the service sector. Kavuru SambasivaRao, Pratapa Reddy, SomaRaju, etc, became prominent in establishing the hospital industry. Many hospitals like Yashoda, Image, Usha Cardiac, Care, CDR, Medwin Hospital, Global Hospital, Kamineni Hospital etc, are started sharing the major business share of Hyderabad.

The efficiency of hospitals, run by the listed companies accountable to their shareholders, would be significantly higher than government hospitals or stand alone charitable hospitals. And it must be emphasized that this is done without sacrificing the quality of medicine or patient care. In anyway all have been global out look in terms adopting global standards, the best technology and operating global scale. In

fact, Reddy's success is now being emulated by others and we have recently seen the emergence of new hospital chain like Fortis and Wockhardt.

After the liberalizing policies came in to effect, the most striking trend in the health care industry was that the service turned into business sector in Hyderabad. The nature of the services and the infrastructural facilities been changed. Many people started allocating their resources mostly on health rather than other things. The health care is demanded as a means for consumers to achieve a larger stock of 'health capital.' The demand for health is unlike most other goods tremendously increased. These circumstances transformed service oriented hospitals in to business oriented health care hubs.

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