

# Entrepreneurship in India (2005-2012): Growth, Challenges, and Policy Dynamics with Reference to Rajasthan

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## Abstract

The period between 2005 and 2012 marked a defining phase in India's entrepreneurial development, characterized by the emergence of new ventures, expansion of the technology sector, and government-driven support for small and medium enterprises. This paper examines the evolution of entrepreneurship across India during this period, with a particular focus on Rajasthan — a state that began transitioning from a primarily agrarian economy to one embracing industrial clusters, tourism-based enterprises, and educational entrepreneurship. The study highlights national trends, policy initiatives, regional developments, and persistent barriers to inclusive entrepreneurial growth.

## 1. Introduction

Between 2005 and 2012, India witnessed an entrepreneurial awakening spurred by economic liberalization, expanding access to technology, and a demographic dividend that encouraged risk-taking and innovation. Across the country, new ventures emerged in IT, manufacturing, renewable energy, and social enterprise.

Rajasthan, known historically for its trade and handicrafts, also began to see an entrepreneurial transformation during this period, driven by policy reforms, educational institutions, and sectoral diversification into tourism, handicrafts, renewable energy, and small-scale industries.

## 2. Economic Context: India's Growth Story

India's GDP growth averaged around 8% between 2005 and 2012. The expansion of service sectors, the rise of middle-class consumers, and increasing foreign investment created fertile ground for entrepreneurship.

In Rajasthan, this national growth momentum was mirrored by targeted industrial development zones such as **RIICO industrial areas** in Jaipur, Bhiwadi, and Alwar, which provided infrastructure for small and medium enterprises. The state government's efforts to attract investment through the **Resurgent Rajasthan Partnership Summit (conceptualized in this period)** and **Rajasthan Industrial and Investment Policy 2010** also encouraged business formation.

## 3. Government Policies and Institutional Support

At the national level, several key initiatives supported entrepreneurship:

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- **Micro, Small and Medium Enterprises Development Act (2006)**
- **National Skill Development Mission (2009)**
- **National Entrepreneurship Network (NEN) and Indian Angel Network (IAN)**

Rajasthan aligned itself with these national missions while also implementing local policies:

- **Rajasthan MSME Policy (2011)** promoted credit facilitation and cluster development.
- **Rajasthan Mission on Livelihoods (RMoL)**, established in 2005, aimed to enhance employability and self-employment opportunities through training and micro-enterprise promotion.
- The **Rajasthan Centre for Entrepreneurship Development (RCED)** in Jaipur conducted entrepreneurship development programs and skill training for youth and women.

These initiatives collectively created a conducive but still evolving ecosystem for first-generation entrepreneurs.

#### 4. Sectoral Analysis

##### 4.1 Information Technology and Services

Nationally, IT startups such as Flipkart (2007) and Zomato (2008) redefined digital entrepreneurship.

In Rajasthan, cities like Jaipur and Udaipur began emerging as IT service hubs, with firms such as Genpact (Jaipur center) and Metacube Software providing local employment and nurturing a talent pool for startups. The establishment of Jaipur Engineering College and Research Centre (JECRC) Incubation Centre also reflected growing institutional support.

##### 4.2 Manufacturing and MSMEs

Rajasthan's MSME sector contributed significantly to employment, with industries in **textiles (Bhilwara)**, **ceramics (Khurja)**, **handicrafts (Jodhpur, Jaipur)**, and **gem and jewelry (Jaipur)** gaining prominence.

The **RIICO (Rajasthan State Industrial Development and Investment Corporation)** played a pivotal role by developing over 300 industrial areas, offering land, finance, and infrastructure to entrepreneurs.

##### 4.3 Social and Rural Entrepreneurship

Social entrepreneurship gained ground nationally through ventures such as **SELCO Solar** and **SKS Microfinance**, and in Rajasthan, through projects like:

- **Barefoot College (Tilonia, Ajmer District)**, founded by Bunker Roy, which empowered rural women through solar engineering and traditional knowledge.

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- **Aavishkaar's investments in rural enterprises** in Rajasthan during this period, supporting micro-level innovation in agriculture and crafts.
- **Jaipur Rugs**, which connected rural artisans to global markets through inclusive business models.

### 5. Financing Entrepreneurship

While India saw the emergence of venture capital and angel networks, Rajasthan's financing landscape remained dominated by state-led institutions and bank credit. Organizations like **Rajasthan Financial Corporation (RFC)** provided term loans for small and medium enterprises. Additionally, **SIDBI** and **NABARD** played crucial roles in promoting rural and micro-enterprises, particularly in districts like Sikar and Ajmer.

However, limited risk capital and conservative lending practices restricted rapid startup growth compared to states like Karnataka or Maharashtra.

### 6. Challenges and Constraints

Entrepreneurs across India and Rajasthan faced persistent challenges:

- **Regulatory bottlenecks** and bureaucratic procedures in business registration.
- **Infrastructure constraints**, especially in smaller towns.
- **Cultural resistance** to entrepreneurship, where government jobs were still preferred.
- **Skill gaps**, particularly in non-metro areas, despite the presence of universities and technical institutes.
- **Access to finance**, which was geographically uneven, with metro-based ventures receiving greater funding.

### 7. The Emergence of the Entrepreneurial Ecosystem in Rajasthan

By 2012, Rajasthan's entrepreneurial environment began to formalize, setting the stage for future growth. Key developments included:

- Establishment of **startup incubators** in universities such as **MNIT Jaipur**, **BITS Pilani**, and **JECRC**.
- Growth of **entrepreneurship awareness camps** and EDPs under **RCED** and **RMoL**.
- Increasing participation in national forums like **TiE Jaipur Chapter (launched in 2010)**, connecting local entrepreneurs with national mentors and investors.

These initiatives laid the foundation for Rajasthan's later startup boom in the post-2015 era under the *Startup Rajasthan Policy*.

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## 8. Conclusion

The period 2005–2012 was a foundational era for entrepreneurship in India, characterized by economic dynamism, technological adoption, and policy reforms. Rajasthan mirrored these national trends, showing steady but regionally varied progress in fostering entrepreneurship. Government policies, skill development missions, and institutional initiatives created a platform for entrepreneurs across urban and semi-urban centers. However, challenges in access to finance, infrastructure, and risk culture persisted. Overall, this period established the ecosystem that would later position Rajasthan as an emerging entrepreneurial hub within India's broader startup revolution.

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