STATES’ STARTUP RANKING 2019
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On Support to Startup Ecosystems

Date: 11th September 2020

Published by: Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India

#startupindia
Message

Under the visionary and dynamic leadership of Hon'ble Prime Minister Shri Narendra Modi ji, Government conceived the States Startup Ranking Framework in 2018 to encourage States and Union Territories (UTs) to promote good business practices for startups. The Second Edition of the rankings was launched in 2019 and has been completed with active participation of 22 States and 3 UTs.

The outcomes of the second-ranking exercise are very promising. They reveal painstaking efforts taken by States to assist their startup ecosystems. Now most States have their own startup policies and implementation mechanisms in place. A number of rules and regulations have been amended to support startups. There are more incubators, mentoring and funding options available for startups. This year we have achieved a significant milestone and now there is at least one startup recognized from each State and UT. We are taking definitive steps towards realizing Hon'ble Prime Minister's vision of having a startup in each block of the country.

These rankings reflect the spirit of cooperative and competitive federalism, which is a defining feature of our democracy. They are a celebration of efforts made by all the States for helping innovation and entrepreneurship across the length and breadth of India.

I congratulate all the stakeholders for taking decisions to strengthen the Startup ecosystem.

Piyush Goyal

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The Startup India initiative was launched by Hon’ble Prime Minister in January 2016. Substantive growth of the Startup ecosystem has been witnessed in India.

India has now become the third largest startup ecosystem in the world, with over 32,000 startups recognized under the Startup India initiative. These startups have now spread to all 28 States and 9 UTs of the country. 565 out of 725 districts now have at least one startup. The country is home to more than 30 unicorns with a combined valuation of $100+ Billion.

The State Ranking Framework is one of the major initiatives taken by DPIIT to build a conducive ecosystem for startups across all States. It is aimed at identifying good practices and encourage States to learn from each other. It is implemented as a capacity development exercise in true spirit of cooperative federalism.

The outcomes of the efforts are impressive. A total of 29 States and UTs now have Startup Policies in place, 23 states have a dedicated Nodal officer and a dedicated team for startups. More than 19 States offer special incentives to Startups founded by women entrepreneurs and 1200 women entrepreneurs have been supported. More than 300 incubators have been upgraded by State governments across the country.

I congratulate all States and UTs who voluntarily participated in this effort. I also congratulate DPIIT for diligently conducting this enormous effort and hope that this exercise shall be carried forward with new vigour and energy.

(SOM PARKASH)

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FOREWORD

It is with great pleasure that we announce the Second Edition of Rankings of States on Support to Startups.

The States Startup Ranking Exercise starts with setting standards for States for supporting start-ups across various dimensions. It involves building capacities of key officials and handholding them to formulate and implement various policy measures. Then, it goes on to evaluate them on indicated parameters on the basis of actions taken. Evaluation is based on policy measures implemented and feedback obtained from beneficiaries.

The Ranking Framework in its second edition is a much more evolved tool to direct energies of participating States towards achieving the right goals for supporting their startup ecosystem holistically. Key learnings from the first edition and the numerous good practices adopted by many States have made this framework much richer in content, demanding in action and tougher to score. The framework spans across seven broad dimensions: Institutional Support, Simplifying Regulations, Easing public Procurement, Incubation Support, Seed Funding Support, Venture Funding Support and Awareness and Outreach. With a total of 30 parameters, scoring was done mainly on the basis of feedback from beneficiaries. Evaluation Committees comprising independent experts from startup ecosystem from both private and government stakeholders were constituted for fair and transparent evaluation.

The entire exercise has been primarily conducted as a capacity development exercise for the States in the true spirit of cooperative federalism. Each State was assigned a member of the Startup India Team to engage intensively and assist them in formulating and implementing various policy measures. Sensitization Workshops in all States, along with special Knowledge Exchange Workshops in Jaipur, Mumbai, and Kochi were organized. The workshops offered an opportunity for participating States and UTs to interact with each other, exchange best practices, interact with leading Startups, investors and incubators.
Visits of two delegations of government officials of more than 15 States to USA and Germany were organized to give them first hand exposure to practices adopted by some of distinguished incubators, accelerators, universities and governments. These visits have enabled officials driving startup initiatives in their own States with new understandings about key initiatives in these successful startup nations. These measures have helped many States appreciate and initiate effective measures for supporting Startups.

22 States and 3 Union Territories participated in this exercise. More than 65000 calls were made in 11 different languages to empathetically connect with beneficiaries to get the real feedback from the ground level. The Evaluation committees have done a meticulous assessment of responses across various parameters.

Results of the exercise reveal painstaking efforts by all participating States to support startups. A total of 29 States and UTs now have Startup Policies in place. 23 States have a dedicated Nodal officer and a dedicated team for startups. More than 19 States offer special incentives to Startups founded by women entrepreneurs. A total of 36 amendments have been made by States in various rules, regulation or Acts for supporting Startups. More than 300 incubators have been upgradated by State governments' support across the country. And now, we have at least one startup recognized from each of the 28 States and 7 Union Territories! These outcomes have made the Ranking exercise a valuable instrument in directing efforts of States into meaningful directions.

This National Report presents the overall structure, framework, evaluation process and results of the entire exercise. In addition, a detailed report has been prepared for each of the State, which would help them identify their strengths and priorities for further action.

I congratulate all participating States and UTs for the efforts made by them. While we acknowledge the leaders, we also truly appreciate the efforts made by all the States for helping innovation and entrepreneurship within their jurisdictions.

(Guruprasad Mohapatra)
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01

UNDERSTANDING
THE STARTUP
ECOSYSTEM IN
INDIA
1.1 STARTUP LANDSCAPE IN INDIA

The startup landscape in India is pervaded by dynamic statistics, ranging from the age of founders to the soaring number of unicorns. However, it is imperative to recognise the starting point as well as growth potential of India’s startup story. Some key outcomes of the India’s startup growth story as on 31st March 2020 are as follows –

1. **India is the 3rd Largest Startup Ecosystem in the World**

2. **28,000+ Startups Recognised**
   by Department for Promotion of Internal Trade and Industry (DPIIT)

3. **India is Home to 32 Unicorns**
   (Startups with valuation $1 Bn+) with a combined valuation of $100+ Billion

4. The current median age of founder entrepreneurs lies at only 31 YEARS

5. **29 States and UTs Now Have a State Startup Policy**
   The federal as well as state governments are increasingly recognising startups as important engines for economic growth

6. **36 Regulations**
   have been simplified for the startup ecosystem in India¹.

7. The entire startup ecosystem raised **$50 Billion Funding²** between 2014–2019

8. **3,500,000+ Jobs**
   The boom in women entrepreneurship is apparent in the growth story of women led startups –
   MORE THAN 43% OF THE TOTAL STARTUPS IN INDIA HAVE ONE OR MORE WOMEN DIRECTORS
   The startup ecosystem, in driving India’s growth story, tangibly adds to job creation in the nation

9. **28,000+ Startups Recognised**
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    have been simplified for the startup ecosystem in India¹.

13. **The current median age of founder entrepreneurs lies at only 31 YEARS**

14. **The entire startup ecosystem raised $50 Billion Funding² between 2014–2019**

15. **3,500,000+ Jobs**
    The boom in women entrepreneurship is apparent in the growth story of women led startups –
    MORE THAN 43% OF THE TOTAL STARTUPS IN INDIA HAVE ONE OR MORE WOMEN DIRECTORS
    The startup ecosystem, in driving India’s growth story, tangibly adds to job creation in the nation

16. **LEADING SECTORS THAT PERVADE THE INDIAN STARTUP LANDSCAPE ARE³**
    - **$5.7 BN FINTECH**
    - **$3 BN ENTERPRISES**
    - **$1.4 BN HEALTH-TECH**
    - **$11.7 BN E-COMMERCE**
    - **$1.2 BN LOGISTICS**
    (While sector diversity visibly permeates Indian led businesses)

¹ Refer to Chapter 2 for details
² The Indian Growth Stage Startup Trends Report: DataLabs by Inc42
³ The Indian Growth Stage Startup Trends Report: DataLabs by Inc42
The stages of a startup lifecycle are clearly demarcated owing not only to the promulgation of clarity but also to the exponential growth rate of the startup ecosystem. Each stage presents a new set of challenges and hurdles for entrepreneurs, elucidating the imperative importance of its understanding. Largely, the startup lifecycle is segregated into 4 stages.

**STAGE 1: IDEATION AND DEVELOPMENT**

The first stage of the startup lifecycle is ideation. It is categorised by the importance of testing feasibility of the products/services offered. It is at this stage that garnering a variety of opinions to further assess a business model takes precedence. Testing the potential viability of an entrepreneurs’ business can help answer larger questions about government aid, regulations and other aiding factors as the business inches to the next stage. Some overarching considerations of the ideation and development stage are:

- TARGET MARKET
- BUSINESS MODELS
- TEAM SKILL SETS

**STAGE 2: VALIDATION**

Once an entrepreneur has evaluated feasibility of the idea and has highlighted broad scale business strategies, it is important to validate the product or service offered. The process involves defining goals, developing a value proposition and validating the same through customer feedback. This stage of a startup exudes high relevance as it drives the understanding of potential outcomes. Moreover, it highlights the features as considered in the ideation stage by giving the entrepreneur viability proof through testing. Some overarching considerations of the validation stage are:

- VALIDATING AND TESTING OF PROTOTYPES
- MODIFICATIONS

**STAGE 3: EARLY TRACTION**

It is at the Early Traction stage that a set of target customers may test the efficacy of the product/service offered. Validation of a product can portray definitive results to the outside world, a stage that may present its own set of challenges and visibly express revenue and cash flow. It may be helpful to iterate that a market for this product is created and developed at this stage.

The customer retention rate confirms the early traction of the company and its product. Startup acquires more customers by actively seeking funds from crowdfunding agencies, angel investors or networks, incubators and seed grants from Government.
STAGE 4: GROWTH/ EXIT
In the fourth stage of the startup lifecycle, the company has attained true economic health, has sufficient size and product-market penetration to ensure economic success, and earns average or above-average profits. The company can stay at this stage indefinitely, provided environmental changes do not hinder its market niche or ineffective management reduce its competitive abilities. At this stage, the company may choose to scale up or expand its market through mergers and acquisitions or preparing for an Initial Public Offering (IPO). Depending upon the strategy followed, some of the companies are successfully able to sustain the growth stage, rapidly scaling up their business to achieve valuation of more than $1 billion and become unicorns. These businesses offer ideal business models for other startups across sectors and encourage them to scale up.

UNICORN STARTUPS
A unicorn is a term used to indicate a privately held startup company with a valuation of over $1 billion. For a Unicorn, the journey starts from the growth stage, they are disruptors which start out in an incredibly unique way to solve an everyday problem. The reasons these startups became so successful is because all of their solutions fill a specific need in a new and different way.

The Indian startup ecosystem has developed dynamically in recent times. Two decades back, there were only few active investors and limited number of support organisations, such as incubators and accelerators. However, in the past decade. There has been a significant increase in both investment activity and infrastructure facilities to provide the much-needed impetus to the expansion of the unicorn tribe.

MAJOR AREAS OF FOCUS DURING PIVOTING INCLUDE THE FOLLOWING:

- Turning one feature of a product into the product itself, resulting in a simpler, more streamlined offering
- A product is turned into a feature of a larger suite of features as part of another product
- Focusing on a different set of customers by positioning a company into a new market or vertical
- Changing a platform, for example, from an app to software or vice versa
- Employing a new revenue model to increase monetisation. For example, a company might find that an ad-based revenue model may be more profitable than freemium
- Using innovative technology solutions to build a product, thereby reducing the cost of manufacturing and creating a more reliable product

PIVOTING
Pivoting in startups usually occurs when a company shifts its business strategy to accommodate changes in its industry, customer preferences, or any other factor that impacts its bottom line. It is essentially the process of a startup translating direct or indirect feedback into a change in its business model. Most successful companies go through several pivots to find product-market fit. What makes the experiment work is usually not one major pivot, but a series of experiments across customers, problem, product, technology and growth channels.

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In 2014, there were only five Unicorns in India. The number has increased significantly to 32 as of 2019, thereby making India the third largest ecosystem of unicorns in the world after USA and China. India created nine unicorns alone in 2019 which includes:

**BigBasket** - Online Grocer  
**Dream11** - Fantasy Gaming Platform  
**Delhivery** - Logistics Startup  
**Lenskart** - Eyewear Retailer  
**Rivigo** - Trucking Logistics Firm  
**Icertis** - Cloud-Based Contract Management Firm  
**Druva** - Data Protection and Management Firm  
**Zoho** - Web-Based Business Tools and Information Technology

Some of the other prominent Indian Unicorns include Paytm, Oyo Rooms, Byju’s, Snapdeal, Policybazaar, Lenskart, Big Basket and Rivigo.

India’s unicorn club continues to grow with firms in leading sectors such as E-commerce, SaaS and Fintech. Owing to the success of unicorns in India, startups are now being widely accepted as important engines of economic growth and hubs of jobs generation.

The following chart represents the number of Unicorns over the years in India:

![NO. OF UNICORNS](chart.png)

Some of the sectors the Unicorns belong to, are showcased below:

- **FINTECH**
- **E-COMMERCE**
- **EDTECH**
- **INSURANCE TECH**
- **IT & SERVICES**
- **TRAVEL & TOURISM**
- **DATA MANAGEMENT & ANALYTICS**
- **MOBILE & TELECOMMUNICATIONS**
- **AUTO & TRANSPORTATION**
- **RENEWABLE ENERGY**
- **SUPPLY CHAIN, LOGISTICS, & DELIVERY**

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4 Nasscom Indian Tech Startup Ecosystem 2019
TIME TO UNICORN

Time taken to become a unicorn reflects the ability of a growing startup to overcome financial and operational challenges. The growth includes constantly adapting the evolving technology and increasing market capitalization. Between 2011 and 2015, the industry saw a rapidly evolving startup environment with expansion and scaling of first-generation startups. This was followed by a phase of maturity and moderation between 2015 and 2017. In 2019, the time to unicorn has reduced even further to two years⁵.

The following graph represents the average time to unicorn for a startup in India.

POTENTIAL UNICORNS

In the past few years, potential unicorns have rapidly gained resources to exploit market share. The magnitude of investments for companies founded in the year 2014-2019, reflects the rapid pace of expansion of the potential unicorns and increase in average deal size. About 80% of venture capital investments in 2019 was concentrated in four sectors—Consumer tech, Software/SaaS, Fintech and B2B Commerce & Tech with the most investment going to consumer-tech⁷.

In long-term, the potential unicorns are expected to support continuous growth of the Indian startup ecosystem. In 2019, there were a rise in the number of potential unicorns (total funding greater than $50 Mn)⁸, which reflects the high quality investment decisions and rise of emerging sectors.

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⁵ India Venture Capital Report 2020: Bain and Company
⁷ India Venture Capital Report 2020: Bain & Company
⁸ India Venture Capital Report 2020: Bain and Company
The startup ecosystem in India comprises a multitude of stakeholders. While the founders, entrepreneurs and their companies play the most important role in the pyramid, other stakeholders have proven to be drivers of growth in their entrepreneurial stories. These stakeholders include – funding organisations, governments, universities, service providers, local and global market forces, intellectual property drivers and other support organisations.
1.3.1 FUNDING ORGANISATIONS

Funding asserts its importance for operative processes, research, development and multiple other primary business features for evolving businesses. However, it is the foremost consideration when contemplating growth and development of startups. Funding can be derived from diverse sources, it can help sustain the existing projects and enable expansion.

Depending on the stage of a startup, major sources of financing entrepreneurs may include:

- **Savings of founders** (private capital of founders)
- **Family and friends**
- **Angel Investors**
- **Venture capital**
- **Incubator/company builder and/or accelerator**
- **Government subsidies** (governmental funding)
- **Crowd funding**
- **Internal financing** (operating cash flow)
- **Bank loans**
- **Venture Debt/ IPO/ ICO/ Others**

### STARTUP FINANCING LIFECYCLE

- **Seed Stage**
- **Early Stage**
- **Late Stage**
- **IPO**
- **Secondary Offerings**

- **Pre-Seed Stage**
- **Valley of Death**

- **Revenue**

- **Time**

- **Seed Fund**
- **Break Even**
PRE-SEED STAGE
At this stage, the amount of funds needed is usually small. There are limited and informal channels available for raising funds. Common funding sources utilised by startups in this stage are:

**BOOTSTRAPPING/ SELF-FINANCING:**
Bootstrapping a startup means growing a business with little or no venture capital or outside investment. It means relying on own savings and revenue to operate and expand. This is the first recourse for most entrepreneurs as there is no pressure to pay back the funds or dilute control of one’s startup.

**FRIENDS AND FAMILY:**
This is also a commonly utilised channel of funding by entrepreneurs in the early stages. The major benefit of this source of investment is that there is an inherent level of trust between the entrepreneurs and the investors.

**GRANT/ PRIZE MONEY FROM PITCHING EVENTS:**
This is the prize money/ grants/ financial benefits that is provided by institutes or organisations that conduct business plan competitions and challenges. Even though the quantum of money is not generally large, it is usually enough at ideation stage. Having a good business plan is a crucial parameter to raise money at this stage.

SEED STAGE
This is the stage where the startup has a prototype ready and requires validation of the potential demand for a startup’s product/ service. This is called conducting a ‘Proof of Concept (PoC)’, after which comes the big market launch. To do this, the startup will need to conduct field trials, test the product on a few potential customers, onboard mentors, and build a formal team. Common funding sources utilised by startups in this stage are:

**INCUBATORS:**
Incubators are organisations set-up with the specific goal of assisting entrepreneurs with building and launching their startups. Not only do incubators offer a high number of value-added services (office space, utilities, admin & legal assistance, etc.), they often also make grants/ debt/ equity investments.

**GOVERNMENT LOAN SCHEMES:**
The government has initiated a few loan schemes to provide collateral-free debt to aspiring entrepreneurs and help them gain access to low-cost capital. Some schemes include Atal Innovation Mission, MUDRA, and Stand-up India for women entrepreneurs, Venture Capital Assistance Scheme for farmers, and Single Point Registration Scheme for MSME.
EARLY STAGE

This is the stage where a startup’s products or services are launched in the market. Key performance indicators such as customer base, revenue, and application downloads become important at this stage. Funds are raised at this stage to further grow user base, product offerings, expand to new geographies, etc. Common funding sources utilised by startups in this stage are:

VENTURE CAPITAL FUNDS:

Venture capital (VC) funds are professionally managed investment funds that invest exclusively in high-growth startups. Each VC fund has its own investment thesis – preferred sectors, stage of startup, and funding amount, which should align with one’s startup. VCs take startup equity in return for their investments and actively engage in mentorship of their investee startups.

BANKS/NBFCs:

Formal debt can be raised from banks and NBFCs at this stage, as the startup can show market traction and revenue to validate their ability to finance interest payment obligations. This is especially applicable for working capital. Some entrepreneurs might prefer debt over equity as the debt funding does not dilute equity stake.

VENTURE DEBT FUNDS:

Venture Debt funds are private investment funds that invest money in startups primarily in the form of debt. Debt funds typically invest along with an angel or VC round.

ANGEL INVESTORS:

Angel investors are individuals who invest their money into high potential startups in return for equity. Angel investors usually give support to startups in the initial phases and when most investors are not prepared to back them.

CROWD FUNDING:

Crowdfunding refers to raising money from a large number of people who individually contribute a relatively small amount. This is typically done via online crowdfunding platforms.
PRIVATE EQUITY/ INVESTMENT FIRMS:
Some private equity and investment firms provide funds for fast-growing late-stage startups who have maintained a consistent growth record with promising products and services.

INITIAL PUBLIC OFFERING
Initial Public Offering (IPO) refers to the event where a startup lists on stock market for the first time. Since the public listing process is elaborate and replete with statutory formalities, it is generally undertaken by startups with an impressive track record of profits and who are growing at a steady pace. One of the benefits of an IPO is that a public listing at times can increase the credibility of the startup and be a good exit opportunity for current investors.

VENTURE CAPITAL FUNDS:
VC funds with larger ticket size in their investment thesis provide funding for late-stage startups. It is recommended to approach these funds only after the startup has generated significant market traction. A pool of VCs may come together and fund a startup as well.

LATE STAGE
At this stage, the startup experiences a fast rate of market growth and increasing revenues. Common funding sources utilised by startups in this stage are:

VENTURE CAPITAL FUNDS:
VC funds with larger ticket size in their investment thesis provide funding for late-stage startups. It is recommended to approach these funds only after the startup has generated significant market traction. A pool of VCs may come together and fund a startup as well.

PRIVATE EQUITY/ INVESTMENT FIRMS:
Some private equity and investment firms provide funds for fast-growing late-stage startups who have maintained a consistent growth record with promising products and services.
1.3.2 SUPPORTING ORGANISATIONS

Supporting organisations have a crucial role to play all throughout the startup lifecycle. These organisations include incubators for fundamental support in terms of financial and non-financial resources, accelerator programmes for honing business models, business mentors and technical advisers for navigating the growth initiatives. These organisations provide growth advice, offer technical support and act as market catalysts by advising on government support, helping acquire new customers and attracting investors.

**INCUBATORS**

- Startups often require financial and non-financial support in their initial phase of development. The incubators offer various tangible resources such as equipment and office space. The intangible resources include services such as accounting, computing and legal services, mentoring support and business advisory.
- They also assist startups in raising capital and perform various networking activities to reduce the financial burden and resource issues. Incubators help entrepreneurs in building a sustainable business environment while benefiting the broader corporate communities.

**ACCELERATORS**

- A startup accelerator assists the venture from ideation to growth through mentorship that creates new opportunities in the market and mitigates startup risk. Accelerators are fixed-term, cohort-based programmes.
- Startups enter acceleration programmes for a fixed period of time, and as part of a cohort of companies. The programmes include mentorship and educational components which culminate in a public pitch event. Accelerators provide the means to improve the viability of the business ventures.

**MENTORS**

- There are many organisations and individuals who support the ongoing growth of entrepreneurs. Experienced mentors can guide the companies on topics such as Product Management, Go-to-Market Strategy, pitching business ideas and providing industry insights. Interaction with mentors can lead to networking opportunities, partnerships, business ideas, thereby attracting new clients and customers.

1.3.3 INTELLECTUAL PROPERTY & RESEARCH INSTITUTES

- Intellectual property is a form of intangible asset created with respect of business and its operations. These may include Trademarks, Copyrights and Patents apart from Designs, and Geographical Indication.
- Research institutes and universities help startups to gain industry knowledge, develop business plans, by offering innovative product, process or service solutions.
- Indian government has taken several initiatives to protect intellectual property rights. Some of these include:

  - India Patents Act 1970 has experienced corrections to adjust to the Trade Related Aspects of Intellectual Property Rights (TRIPS). This has been done to ensure enthusiasm around innovations.
  - Startups are now eligible for 80% rebate in patent filing fees and 50% rebate in trademark filing fees. Additionally, Startups will also be considered for expedited examination of patent applications to reduce time taken in granting patents.
  - Digital India initiative: Indian government’s initiative to transform India as an innovation hub by designing innovative digital programmes amounting to INR 1.13 crore.
1.3.4 LOCAL AND GLOBAL MARKETS

Growth is an essential part of startups, therefore access to national and international markets becomes pivotal for their progression.

Corporations, investors and the government support startups with initiatives such as soft landing programmes, which help in launch of products and services in new markets through a controlled manner.

Government has enabled startups to participate in public tenders to ensure that they have access to large demand. Further, the National Public Procurement Portal, Government e-Marketplace (GeM) has been launched to simplify public procurement.

Startups in India are also expanding their footprint to foreign markets through their innovative products and services, including support from international partnerships.

1.3.5 UNIVERSITIES AND SERVICE PROVIDERS

UNIVERSITIES

- Some Universities play a key role in the growth of startups. In order to improve entrepreneurial education, mentoring pools, entrepreneurship development cells and incubators have been established at various engineering colleges and management schools. The universities also provide sustenance allowance and deferred placements.
- These universities aim to nurture talent at campus and help startups in gaining industry knowledge.
- Many faculty members across universities in India are working with startups, either independently or collaboratively with students and co-faculty members.
- Faculty members of Indian Institutes of Technology, or IITs from across India, including Bombay, Delhi, Madras, Kharagpur and Hyderabad, are leading the trend of joint startup collaboration.

SERVICE PROVIDERS

- Supporting Services offer the intangible support to startups by helping them navigate the complex rules and regulations, and offer advisory services for managing their business risks.
- Service providers include consulting, legal and accounting companies. Access to legal, accounting and other expertise is imperative to assist the startup to grow rapidly and efficiently.
- The startups can avail various business advisory and related services such as feasibility studies, pilot management, design and execution support, and improve investment readiness to mitigate their business risks.

1.4 GOVERNMENT POLICIES & REGULATORY FRAMEWORK

Proactive action from state and central government is spurring growth and fostering the entrepreneurial culture in the country. The government initiatives and policies are creating a favourable environment for startups, enabling expansion of infrastructure, co-working spaces, incubators, accelerators and in certain cases access to funding and market.

STARTUP INDIA is an initiative of the Government of India, launched in 2016. The initiative aims to empower youth and promote entrepreneurship. With the objective to build a strong eco-system for nurturing innovation and startups in the country, the Government launched a Startup India action plan that offers the following support to recognised supports through:

Handholding
Funding Incentives
Incubation
### Handholding

**Legal Support**
- Self certification and compliance of 9 environment and labour laws through startup India web portal/mobile app

**IPR**
- Fast track startup patent applications
- Panel of facilitators to assist in filing IP applications, government to bear facilitation costs
- 80% rebate in filing of patents

**Exit Process**
- As per insolvency and Bankruptcy Bill 2015 (“BB”), startups with simple debt structures may be wound up within a period of 90 days

### Funding Incentives

**Fund of Funds**
- SIDBI Fund of Funds for investment into startups, set up by the Government with an initial corpus of INR 2,500 crore and a total corpus of INR 10,000 crore over a period of four years

**Credit Guarantee**
- Credit guarantee mechanism through national credit guarantee trust company (NCGTC)/SIDBI is being envisaged with a budgetary corpus of INR 500 crore per year for the next four years

**Tax Exemptions**
- IT exemptions for 3 years
- Capital gains exemption to people investing such gains in the government recognised fund of funds
- Tax exemptions on investments above fair market value (MFV)

### Incubation

**Industry/Academia**
- 31 innovation centers, 13 startup centers, 19 technology business incubators, 7 research parks and 500 Atal Tinkering Labs
- 35 new incubators in existing institutions, 35 new private sector incubators with funding support from the government

**Competition/Grants**
- NIDHI – INR 10 lakh to 20 student innovations from Innovation and Entrepreneurship Development Centers (IEDC)
- Ucchattar Avishkar Yojana – INR 250 crore per annum to foster very high quality research among IIT students
- Annual incubator Grand Challenge

**Events**
- Organising startup fests for showcasing innovation and providing a platform for collaboration
- Startup talk shows
The startup ecosystem is replete with growth stories and driven by the complementary role of stakeholders. The conduciveness of the Indian startup landscape is driven by robust policy frameworks, clear policies and complete transparency.

Additionally, imperative to the exponential growth of the ecosystem are government schemes that have reduced the burden of paperwork, helped establish standardised operating procedures and clear criteria.

While the existing outcomes of these initiatives are discussed in detail in the following chapters, the futuristic growth potential of startups in India may be categorised into a few propositions –

- It is estimated that the number of unicorns in India will increase by three times, to 95 in 2025 with a cumulative valuation of approximately $390 billion.¹
- Foreign PE and VC firms investing out of their global/Asia funds in Indian startups have increased 96 per cent to $16,728 million in 2017 compared to $8,497 million in 2016 and it is expected to grow manifold.¹⁰

Startup ecosystem expansion is driven by rapid growth of startup hubs in Tier 2 and Tier 3 cities, such as Ahmedabad, Jaipur, Kolkata, Kochi, Kanpur, Chandigarh, and Coimbatore (45% startups from Tier 2 and Tier 3 cities).

Startups in India are now spread across the length and breadth of the entire country. The shift in global focus is on promoting women entrepreneurs and fostering an inclusive and innovative environment. Efforts are also being made by diverse stakeholders in the Indian startup ecosystem to elevate domestic policies in concurrence with global trends.

The role of the state government becomes very important in developing the necessary infrastructure and support to foster the startup ecosystem. Due to the given constraints of infrastructure and supporting services, India needs to build upon low-cost and high-impact solutions.

Although there has been an increase in angel and venture capital funding, the amount invested must be augmented. It is crucial that the ecosystem is well integrated to connect startups to fund houses and other stakeholders.

While it is important to elucidate overarching features of the ecosystem, this report delves deeper into the role of states and India’s federal structure in both building the ecosystem as well as closely monitoring futuristic measures that can aid India’s growth story.

¹NASSCOM report – Indian Tech Startup Ecosystem 2019
¹⁰Data from Venture Intelligence
02

THE STARTUP INDIA INITIATIVE
2.1 THE STARTUP INDIA INITIATIVE: INTRODUCTION

Startup India initiative was announced by Hon'ble Prime Minister of India on 15th August 2015. The flagship initiative aims to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. Further to this, an Action Plan for Startup India was unveiled by Prime Minister of India on 16th January 2016. The Action Plan comprises of 19 action items spanning across areas such as “Simplification and handholding”, “Funding support and incentives” and “Industry-academia partnership and incubation”.

It has been established globally that Startups are driving economic growth of nations, creating employment, and fostering a culture of innovation. It is therefore incumbent on the Government to nurture emerging talent and entrepreneurship as part of larger goal of nation building. The objective is also to make India a nation of job creators instead of just job seekers.

The Department for Promotion of Industry and Internal Trade (DPIIT) is mandated to coordinate implementation of Startup India initiative with other Government Departments. Apart from DPIIT, the initiatives under Startup India are driven primarily by five Government Departments viz. Department of Science and Technology (DST), Department of Bio-technology (DBT), Ministry of Human Resource Development (MHRD), Ministry of Labour and Employment, Ministry of Corporate Affairs (MCA) and NITI Aayog.

Government of India has made fast paced efforts towards making the vision of Startup India initiative a reality. Substantial progress has been made under the Startup India initiative, which has stirred entrepreneurial spirit across the country.

With this Action Plan the Government hopes to accelerate spreading of the Startup movement from digital/technology sector to a wide array of sectors including agriculture, manufacturing, social sector, healthcare, education, etc.; and from existing tier 1 cities to tier 2 and tier 3 cities including semi-urban and rural areas.

Unveiling of the Startup India Action Plan by Prime Minister Narendra Modi at an event in Delhi attended by a number of successful global and Indian startup leaders
The definition of a startup in India is rooted not only in the turnover or size of an organisation but simultaneously in the type of business carried out. An entity will be considered a startup if it fulfils three overarching conditions mentioned below:

### ENTITY TYPE
- Incorporated as a private limited company (as defined in the Companies Act, 2013) or
- Registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or
- Registered as a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India

### AGE
10 years from date of incorporation

### TURNOVER
Must not exceed one hundred crore rupees in any fiscal year

### NATURE OF ACTIVITY
Given that the entity is working towards
- Innovation
- Development or improvement of products or processes or services
- Scalability
- Job Creation
- Wealth Creation
2.3 STARTUP RECOGNITION

Startup Recognition by DPIIT enables the companies to access a host of tax benefits, easier compliance, Intellectual Property Rights (IPR) fast tracking and more.

A complete online process has been institutionalised for recognition of Startups.

The process of recognition as a ‘Startup’ is through an online application made over the mobile app/portal set up by the Department for Promotion of Industry and Internal Trade. The link to the online application is: https://www.startupindia.gov.in/content/sih/en/recognition-application-detail.html

Modification of definition of Startups in Feb 2019 and improvements incorporated in the recognition process reduced the time taken for grant of recognition certificate to 1-4 days.

The founders are required to upload incorporation/registration certificate and explain how their startup is working towards innovation, development or improvement of products or processes or services, or its scalability in terms of employment generation or wealth creation.

SECTOR WISE CATEGORISATION OF RECOGNISED STARTUPS

Of the recognised startups till FY 2018-19, 15.20% are from IT services, 9.1% Healthcare And Life Sciences, 7.6% AR/VR (Augmented and Virtual Reality), 4.40% Food and Beverages, 4.20% Agriculture, 3.5% Finance Technology, 3.40% Retail & Other Speciality, 3.30% green technology, amongst others.
All DPIIT recognised startups are eligible to a host of benefits such as self-certification, access to public procurement, tax incentives, etc. Over the span of four years, Startup India has addressed concerns in the areas of public borrowing, corporate structuring and relaxing norms on taxations, for recognised entities by providing them the benefit of a benign policy framework.
2.4 TAX EXEMPTIONS FOR STARTUPS

Policies that encourage businesses to increase employment and investment through tax subsidies, credits, or other preferential treatment constitute a major category of tax exemptions. Such exemptions are enacted to meet other policy goals, such as assisting startups or reducing the tax system’s administrative burdens.

**INCOME TAX EXEMPTION:**

Extensive and complicated tax compliances are a very cumbersome checkpoint for startup businesses.

Although the present tax regime mandates every company to file quarterly TDS returns, the recognised startups are exempt from income tax for a block of 3 years out of 10 years since incorporation under Section 80IAC of the Income Tax Act.

Relaxations in Eligibility Criteria have been introduced through IMB meetings where Ideation stage startups to be exempted from tax benefits by the Board. Additionally, subsidiaries of existing Indian or foreign companies are ineligible to be recognised as startup and thus ineligible for any tax benefits. Additionally, modifications in the evaluation criteria were introduced through IMB where competitiveness was recognised for large number of applications being noted under specific service sectors and thus, rejection criteria was eased. Evaluation aspects were modified to include entities that are working towards innovation, development or improvement of products or processes or services, with a high potential of employment generation or wealth creation were also made eligible for exemptions.

**EXEMPTIONS ON INVESTMENTS ABOVE FAIR MARKET VALUE:**

- The idea of taxation restricts angel investors from planting their money and trust in inexperienced & early-stage startups. Different valuation models determined different values basis projections and future growth assumptions that could be different from the net asset value of the business. This prevented people from starting a business in India, as 30% of the capital raised went in taxes. The DPIIT recognized the gravity of hardship that the formulated tax regime was having on startups and held deliberations with CBDT on carving a way out for startups and eventually modified the criteria.

- The DPIIT, through its notification, issued that recognised startups can file applications and declarations applying for exemption under Section 56 (2) (viib) of the IT Act, provided fulfilment of certain conditions by the startup.

**IMPACT**

Since the commencement of the IMB meetings, **42 sessions** have been conducted upto February 2020, resulting in enhanced applications and approval of tax benefits that effectively percolated to **271 recognised startups** currently availing benefits.

**IMPACT**

With regard to declarations received from entities, furnished in Form 2, intimation regarding receipt of declaration in Form 2 has been mailed in the cases of **2,296 entities**.
2.5 SELF-CERTIFICATION

An important reason why startups are considered risky, is the statutory aspect of running a business as failure to meet all legal requirements can land a startup in trouble. Startup India has laid down several measures to ease compliance to most complex laws to ensure the associated risks are prevented or mitigated.

Under the recognition initiative, startups have been allowed to self-certify their compliance under 6 Labour and 3 Environment laws for a period of 3-5 years from the date of incorporation.

- Compliance norms relating to Environmental and Labour laws have been eased in order to reduce the regulatory burden on Startups thereby allowing them to focus on their core business and keep compliance costs low. Ministry of Environment, Forest & Climate Change (MoEF&CC) has published a list of 36 white category industries. Startups falling under the “White category” would be able to self-certify compliance in respect of 3 Environment Acts –
  - The Water (Prevention & Control of Pollution) Act, 1974
  - The Water (Prevention & Control of Pollution) Gess (Amendment) Act, 2003
  - The Air (Prevention & Control of Pollution) Act, 1981.

- Further, Ministry of Labour and Employment (MoLE) has issued guidelines to State Governments whereby Startups shall be allowed to self-certify compliance in respect of 6 labour laws. These are effective after concurrence of States/UTs. The Acts are:
  - The Building and Other Constructions Workers’ (Regulation of Employment & Conditions of Service) Act, 1996
  - The Inter-State Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979
  - The Payment of Gratuity Act, 1972
  - The Contract Labour (Regulation and Abolition) Act, 1970
  - The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952
  - The Employees’ State Insurance Act, 1948.

IMPACT

- **15 States** have complied with the self-certification advisory for 5 years and 12 States have complied with the advisory for 3 years. 9 States/UTs are yet to implement the advisory.
- **9 States (Haryana, Madhya Pradesh, Maharashtra, Rajasthan, Gujarat, Uttar Pradesh, Punjab, Uttarakhand, and Delhi)** have integrated their portals with Shram Suvidha Portal.
- Overall, **169 DPIIT recognized Startups** have availed the benefits of self-certification.
- A list of **64 Startups** that have self-certified has been uploaded on the Shram Suvidha Portal.
2.6 FUND OF FUNDS FOR STARTUPS

Addressing key challenges faced by startups in India for financing and the high risk nature of startups wherein a significant percentage fail to take-off, hampers their investment attractiveness, Government of India set up a fund with an initial corpus of INR 2,500 crore and a total corpus of INR 10,000 crore over a period 4 years (i.e. INR 2,500 crore per year). The Fund was setup as a Fund of Funds, meaning it would not invest directly into startups but would participate in the capital of SEBI registered Venture Funds, who invest twice the amount in recognised startups.

The FFS shall contribute to the corpus of Alternate Investment Funds (AIFs) for investing in equity and equity linked instruments of various startups. The FFS is managed by SIDBI, which has issued its operational guidelines.

2.7 PROTECTING INTELLECTUAL PROPERTY

Trademark, patents and design registration are an important intangible asset for any startup as these enhance valuation and competitiveness of their products and brand. Startups with limited resources can thrive and compete against established players only through innovation and protection of their intellectual property rights.

Startups are provided with an 80% rebate in filing of patents vis-à-vis other companies, bringing down the cost from INR 8,000 to INR 1,600. This helps them cut down on costs in their early years. 50% rebate is also provided in filing of trademarks vis-à-vis other companies decreasing the cost from INR 10,000 to INR 5,000. Additionally, startups are also considered for expedited examination of patent applications to reduce time taken in granting patents.

Startup India, through its various resource partners has also enabled an online platform based solutions for entrepreneurs to safeguard their ideas. 211 patent facilitators and 241 trademark facilitators have been empanelled under the scheme until February 2020 to provide free-of-charge services to startups in terms of legal guidance and handholding throughout the entire patent acquisition process. Facilitators are responsible for providing general advisory on different IPRs, and information on protecting and promoting IPRs in other countries. Central Government bears the entire fees of the facilitators for any number of patents, trademark or designs, and startups only bear the cost of the statutory fees payable.

**IMPACT**

Cumulatively, INR 35.64 Lakh has been saved by 2,785 recognised startups while availing 80% rebate on patent filing fee whereas over INR 1.23 Cr has been saved by 5,494 recognized startups during trademark applications. As on February 2020, 394 startups have applied for intellectual property registration wherein 27% entities have already been granted IPRs; similarly, 3199 startups have applied for trademark patents with approval already granted to over 41% entities. Since 2016, Maharashtra, Karnataka and Delhi have emerged as potential hubs for patent and trademark registrations across the country.
In order to make compliance for startups friendly and flexible, simplifications are required in the regulatory regime. It is imperative that regulatory support is provided to startups to create an enabling environment by reducing regulatory burden and introducing new policies. For this purpose, an institutional mechanism has been established within DPIIT to facilitate the creation of a favorable regulatory environment for startups. Through continuous efforts and support of various Ministries and Regulations, 36 regulatory reforms have been undertaken for the benefit of startups under the following entities since the start of the Startup India Initiative:

REGULATORY SUPPORT TO STARTUPS

REGULATORY REFORMS IN 2019–20

The initiatives taken by the team have helped in simplifying and easing specific regulations pertaining to startups. The following issues have been resolved in the past one year:

- Electronic Development Fund condition that restricted funds who sought/raised from Fund of Funds eased in November 2019
- Name Reservation for Company incorporation: Rule 8, Companies (Incorporation) Rules, 2014 substituted with Companies (Incorporation) 5th Amendment Rules, 2019, which provides for new regulations on resemblance with an existing company name, new categories of undesirable names of a company and list of words which can be used only after obtaining approval (May 2019)
- Amendment in Companies (Share Capital and Debentures) Rules, 2014: The Ministry of Corporate Affairs issued a notification on 16 August 2019 increasing the period in which ESOPs could be granted to promoters and directors (holding more than 10% equity) of startups, from 5 years to 10 years from the date of incorporation and thereby aligned the provisions of the Companies (Share Capital and Debentures). Rules with the provisions referred to in the DPIIT notification dated 19 February 2019. The notification also escalated the limit on shared with Differential Voting Rights in the Company from 26% of the total post-issue paid-up equity capital of the Company to 74% of the total voting power. Further, the condition for the company to have a consistent track record of distributable profits for the last three years for the issue of DVR shares has been removed (August 2019)
- 2% of CSR fund can now be spent on incubators funded by Central or State Government or any agency or Public Sector Undertaking of Central or State Government, and, making contributions to public–funded universities, IITs, National Laboratories and Autonomous Bodies (established under the auspices of ICAR, ICMR, CSIR, DAE, DRDO, DST, Ministry of Electronics and Information Technology) engaged in researching science, technology, engineering, and medicine aimed at promoting SDGs (October 2019)
- As part of the Government of India’s Ease of Doing Business (EODB) initiative, the Ministry of Corporate Affairs has launched a new integrated Web Form christened ‘SPICe+’ replacing the existing SPICe form. SPICe+ would offer 10 services by 3 Central Govt Ministries & Departments (Ministry of Corporate Affairs, Ministry of Labour & Department of Revenue in the Ministry of Finance) and One State Government (Maharashtra), thereby saving as many procedures, time and cost for Starting a Business in India and would be applicable for all new company incorporations w.e.f. 23 February 2020. SPICe+ has two parts: Part A—for Name reservation for new companies and Part B offering a bouquet of services viz. (i) Incorporation (ii) DIN allotment (iii) Mandatory issue of PAN (iv) Mandatory issue of TAN (v) Mandatory issue of EPFO registration (vi) Mandatory issue of ESIC registration (vii) Mandatory issue of Profession Tax registration (Maharashtra) (viii) Mandatory Opening of Bank Account for the Company and (ix) Allotment of GSTIN (if so applied for)
Ministry of Corporate Affairs has introduced the Companies Fresh Start Scheme, 2020 on 30 March 2020 to provide a first of its kind opportunity to Companies to make good any filing related defaults, irrespective of the duration of default, and make a fresh start as a fully compliant entity. It allows a one-time waiver of additional filing fees for delayed filings by the companies with the Registrar of Companies during the period starting from 01 April 2020 and ending on 30 September 2020.

The mandatory requirement of holding Board meetings within the interval of not exceeding 120 days stands extended by a period of 60 days for the next two quarters i.e., till 30 September 2020.

Amendment in Section 54GB of Income Tax Act w.e.f 1 April 2020 (August 2019):
1. The condition of minimum holding of 50% of share capital or voting rights in the startup relaxed to 25%
2. Extension of the period under which benefit under Section 54GB from for sale of residential property can be availed up to 31 March 2021
3. Condition restricting the transfer of new asset being computer or computer software has been relaxed from five years to three years w.e.f 1 April 2020

Amendment in Section 79 of the Income Tax Act (August 2019):
1. Continuity of 51% shareholding/voting power or
2. Continuity of 100% of original shareholders carrying voting power

Pass through of losses allowed to Investment Funds i.e. Category I and II AIF similar to pass-through of income. These amendments will take effect from 1 April 2020 and will, accordingly, apply from the assessment year 2020-21 and subsequent assessment years (August 2019).

The investment made by Venture Capital Fund of Category-I AIF in a startup was exempted from the applicability of the provisions of section 56(2)(viib) of the IT Act. This exemption has been extended to all sub-categories of Category-I AIF and Category-II AIF via the introduction of “specified funds” in the said section (August 2019).

The Finance Act 2020 provides for amendment in sections 156, 191, and 192 of the Income Tax Act lays down the provisions for taxing of Employee Stock Options in the hands of employees of eligible startups referred in section 80-IAC by deferring the tax liability by a period of forty-eight months from the end of the relevant assessment year; or the date of the sale of such specified security or sweat equity share by the assessee; or from the date of the assessee ceasing to be the employee of the person, whichever is earlier.

The Finance Act 2020 provides for amendment in section 80-IAC to provide for income tax exemption to eligible startups for a period of three consecutive assessment years out of ten years vis-à-vis the earlier norm of seven years such that the turnover does not exceed hundred crore rupees.

The Finance Act 2020 provides for amendment in section 80-IAC to provide for income tax exemption to eligible startups for a period of three consecutive assessment years out of ten years whose turnover does not exceed hundred crore rupees vis-à-vis the earlier norm of twenty-five crore rupees.

Amendment in the definition of a Startup: An entity shall be considered as a Startup upto a period of ten years from the date of incorporation/registration and turnover of the entity for any of the financial years since incorporation/registration has not exceeded one hundred crore rupees. (February 2019)
UNION BUDGET 2019

- Amendment in Section 54GB of Income Tax Act
- Amendment in Section 79 of Income Tax Act
- Pass through of losses allowed to Investment Funds i.e. Category I and II AIF similar to pass through of income.
- Investment made by Venture Capital Fund of Category-I AIF in a startup was exempted from the applicability of the provisions of section 56(2)(viib) of the IT Act.

UNION BUDGET 2020

- Amendment in section 80-IAC to provide for income tax exemption to eligible startups:
  - For a period of three consecutive assessment years out of ten years vis-à-vis the earlier norm of seven years such that the turnover does not exceed hundred crore rupees
  - For a period of three consecutive assessment years out of ten years whose turnover does not exceed hundred crore rupees vis-à-vis the earlier norm of twenty-five crore rupees
- Provisions for taxing of Employee Stock Options in the hands of employees of eligible startups referred in section 80-IAC by deferring the tax liability by a period of forty-eight months from the end of the relevant assessment year
- New integrated Web Form christened ‘SPICe+’ replacing the existing SPICe form. SPICe+ would offer 10 services by 3 Central Govt Ministries & Departments (Ministry of Corporate Affairs, Ministry of Labour & Department of Revenue in the Ministry of Finance) and One State Government (Maharashtra), thereby saving as many procedures, time and cost for Starting a Business in India and would be applicable for all new company incorporations.
2.9 GOVERNMENT E-MARKETPLACE (GEM)

Government e-Marketplace (GeM) is a one stop portal to facilitate online procurement of common use of goods & services required by various Government Departments/ Organisations/ PSUs. Being an open platform, the portal offers no entry barriers to bonafide suppliers who wish to do business with the Government.

Preference to recognised startups for public procurement: The Government e-Marketplace, GeM portal is fully integrated with the Startup India portal. Startups can list their products and services on GeM and automatically receive relaxations on criteria of prior turnover, experience, and submission of earnest money deposit.

As of 11 February 2020, 4,210 DPIIT recognised startups had registered on the GeM portal. 21,323 orders had been placed to startups. The value of orders served by startups has been to the tune of around INR 800 crore.

2.10 STARTUP INDIA HUB

Startup India Hub was launched in April 2016 to provide a one-stop digital platform for the entire startup ecosystem in order to enable knowledge exchange and access to funding. The portal serves as a virtual incubator to startups by providing access to information, knowledge, industry programmes, government schemes, and networking opportunities within startup community. Since the launch of Hub portal and offerings within, number of recognised startups have increased to over 50 times until February 2020. With over 3.80 lac users on the Hub, an entrepreneur can connect to 563 incubators and 120 accelerators for scaling-up; explore within a pool of 81 investors for fund support; and connect to 47 Government entities for availing startup friendly benefits.
2.10.1 STARTUP INDIA ONLINE PLATFORM

The Startup India online portal is a one-stop digital platform which extends support to entrepreneurs and startups. Startups & individuals can connect with mentors, incubators, accelerators, apply to events and competitions, access pro-bono services, and discover relevant government schemes and learning programmes. The portal provides access to information about industry programmes and networking opportunities available within the startup community. It has the following features:

- **Regulatory Support**: Organises programmes to provide startups with mentorship support, incubation, funding, pilot opportunities, etc.
- **Query Resolution**: Supports DPIIT in all policy-related matters on Startups, Startup Funding, Incubation, etc.
- **Operates the Inter-Ministerial Board Secretariat to recognise startups**: One to one facilitation support to Startups, Innovators and Ecosystem Members. Some of the features include:
  - Pro bono services
  - Knowledge Bank
  - Learning & Development Programmes
  - Tools and Templates for Pitchdecks

The snapshot of the achievements for the year 2019–20 can be seen in the infographic below:

- **STARTUP FACILITATION**
  - 91,244 Business Queries
  - 29,409 Online Learners
  - 91,705 Website Users

- **POLICY & OUTREACH SUPPORT**
  - SRF: All States Supported
  - 350+ Participants at Goa VC Summit 2.0
  - Relaxation of key criteria for Section 80-IAC

- **PARTNERSHIP PROGRAMMES**
  - 23 Corporate Programmes
  - 122 Accelerator & Incubator Programmes
  - 8 Government Challenges & Programmes

**TOTAL USERS ADDED TILL DATE:** 3,82,151

**USERS ADDED IN FY 19–20:** 91,705
2.10.2 STARTUP INDIA LEARNING PROGRAMME

A 4-week free online learning programme was launched in collaboration with Upgrad, which helps startups and innovators build their respective business plans. These courses allow startups to gain skills and structure their pitch such that they reach a competitive level before being presented to investors. Further, this helps startups imagine the expected performance and precise impact of their idea in a more accurate way.

Registered users till 31st March 2020: A total of 2,19,561 users registered under the programme until 2019-20. Of these 15,439 users have completed the course successfully.

For FY 2019-20: A total of 29,409 users registered under the programme in 2019-20. Of these 2,619 users have completed the course successfully.

The course has been accessed by over 2,60,235 aspiring entrepreneurs to date.

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<tr>
<th>STARTUP INDIA PORTAL ENHANCEMENTS IN 2019-20:</th>
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<tbody>
<tr>
<td>Introduction of a Mega-Menu to accommodate multiple sections and sub-sections on the portal and thereby provide ease of navigation</td>
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<tr>
<td>Design enhancements through the website to improve user experience</td>
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<tr>
<td>30+ new blogs and articles published on the Startup India portal by industry experts, successful startups, and market leaders</td>
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<tr>
<td>Upgrades to the Application Management System to provide the programmes’ hosts and applicants with a better interface</td>
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<td>60+ new research reports added to the Market Report section for registered users</td>
</tr>
<tr>
<td>Revamped discussion forum design for users with smart filters and user tagging</td>
</tr>
<tr>
<td>In-house notification tool to intimate users on any or all major developments in the startup ecosystem</td>
</tr>
</tbody>
</table>
With increasing channels of stakeholder interactions and constant evolution in user requirements in the startup ecosystem, an online platform is hosted on Hub portal to resolve queries via Startup India team who responds to e-mail and twitter queries (DPIIT’s Twitter Seva Platform) whereas call queries are attended through a dedicated call centre. The Hub also highlights common queries (Frequently Asked Questions) for tailored to user category, a guide to users engaged on the network.

In 2019–20, the hub addressed 91,244 queries across all channels. This included resolution of 35,674 queries through calls, 55,123 queries through emails and 447 queries on Twitter.

**2.10.3 QUERY RESOLUTION**

CALLS: 35,674  
EMAILS: 55,123  
TWITTER: 447

Query Resolution through a dedicated Call Centre
2.11 OTHER INITIATIVES UNDERTAKEN BY STARTUP INDIA (2019–20)

The initiative, recently observing its 4th year anniversary, has enhanced upon its intended goal to become a key enabler within the startup environment. Startup India initiative has imbibed confidence in the mindset of young professionals & entrepreneurs realising their vibrant ideas and transforming India into a country of job creators instead of job seekers.

Some of the major achievements of the Startup India Initiative over the past one year have been captured in the section below.

2.11.1 STARTUP INDIA TABLEAU

Startup India was given the opportunity to present a tableau at the Republic Day Parade 2020. This tableau was one of the six tableaus from different Departments of the Government of India which were selected to be showcased at the 71st Republic Day celebrations.

The front portion of the tableau depicted a creative mind, full of ideas to solve real-world problems. The leaves of the ‘Startup India Tree’ in the middle represented the kind of support provided to startups. The staircase denoted the stages of growth — proving a concept, creating a prototype, preparing a business plan, building a team, launching into markets and eventually scaling up.

The wheel at the rear depicted varied sectors of the economy where Indian entities have driven economic growth and created employment opportunities at large scale. The map of India represented the growth of the startup movement, steadily reaching the semi-urban and rural areas. The wheel and the map together depicted the width and depth of the Startup India initiative in the country.

The theme for Startup India’s tableau was ‘Startups: Reach for the Sky’. It showcased various stages of the lifecycles of a startup along with the holistic support provided by the government. The tableau’s objective was to inspire and motivate the creative youth of India to follow their dreams to generate wealth and become job creators rather than job seekers.

2.11.2 PARTNERSHIPS

Startup India Hub entered into various partnerships with corporates, international agencies, and government departments to facilitate incubation, mentorship, and funding to startups. In FY 2019–20, 23 corporate programmes were organised, 122 accelerator and incubator programmes, and 8 Government challenges and programmes. Partnership with Corporates benefited more than 100+ startups with mentorship, incubation, pilot opportunities, and cash grants.

INTERNATIONAL EVENTS:

Startups were given international exposure through participation in the events mentioned below:

- States’ Exposure Visit – USA
- States’ Exposure Visit – Germany
- Slush Tech-Fest 2019

RESOURCE PARTNERS:

Over 3000 startups have benefited worth INR 10 Crore. Resource partners across categories are listed below:

- Cloud Services
- Management and Enterprise Software
- Legal
- Financial Services
- Banking Services
- Others
2.11.3 STARTUP INDIA VENTURE CAPITAL SUMMIT 2019

Startup India, DPIIT in partnership with Government of Goa, organised the second leg of the Startup India Global Venture Capital Summit in Goa on 6th and 7th December 2019. The event showcased potential opportunities in the Indian market with a focus on sectors such as MedTech, FinTech, HealthTech, and EdTech. The two-day event hosted several cutting-edge innovations and path-breaking technologies that are currently being used on a large scale. It witnessed 350 participants including investors, policymakers, and the startup community. Over 119 investors hailed from 10 countries explored and analysed various innovations in the Indian startup ecosystem through one-on-one meetings, panel discussions, and regulatory roundtables. The event was covered by more than 30 media houses.

2.11.4 WOMEN CAPACITY DEVELOPMENT PROGRAMME (WING)

Startup India is working on various initiatives to promote innovation and entrepreneurship in the country. The current focus is to conduct capacity development for women-led startups to disseminate information about the initiative, train, and provide a platform to present their startup. The training focuses on providing domain-specific knowledge to entrepreneurs for enhancing their skills. Startup India has on-boarded five partners for conducting the programme: IIT Delhi in North, Startup Oasis in West, KIIT in East, Singex India Pvt Ltd in North East, and Kerala Startup Mission in South. The programme aims to reach out to 7500 women entrepreneurs in 26 States and Union Territories. Between September 2019 and February 2020, 17 WING Workshops were conducted across the following eight states – Kerala (5), Telangana (1), Karnataka (1), Punjab (1), Assam (1), Nagaland (2), Odisha (4), and Rajasthan (2).
### 2.11.5 EVENTS & OUTREACH

Startup India team participated in various regional & international events and organised stakeholder discussions to ensure meaningful dialogue between government and ecosystem stakeholders. Through participation in events and those which were organised, the team interacted with over 10,000+ entrepreneurs.

Startup India Hub provides knowledge support to DPIIT by drafting over 100 research reports & meeting briefs for such events and roundtables.

#### KEY EVENTS CONDUCTED OVER THE PAST YEAR:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roundtable headed by Secretary, DPIIT with Unicorn founders in India</td>
<td>Apr '19</td>
<td>Delhi</td>
</tr>
<tr>
<td>Roundtable headed by Secretary, DPIIT on Accreditation of investors</td>
<td>Apr '19</td>
<td>Delhi</td>
</tr>
<tr>
<td>Roundtable headed by Secretary, DPIIT on regulatory issues faced by stakeholders of startup ecosystem</td>
<td>Apr '19</td>
<td>Delhi</td>
</tr>
<tr>
<td>Roundtable with Central Government Departments on best practices for promoting startups</td>
<td>May '19</td>
<td>Delhi</td>
</tr>
<tr>
<td>Roundtable headed by Secretary, DPIIT on journey and hurdles faced by startups</td>
<td>Nov '19</td>
<td>Delhi</td>
</tr>
<tr>
<td>Roundtable headed by Minister of Commerce and Industry to discuss regulatory concerns of investors</td>
<td>Dec '19</td>
<td>Goa</td>
</tr>
<tr>
<td>The second edition of Startup India Global Venture Capital Summit</td>
<td>Dec '19</td>
<td>Goa</td>
</tr>
<tr>
<td>Roundtable headed by Secretary DPIIT on regulatory issues of startups</td>
<td>Jan '20</td>
<td>Delhi</td>
</tr>
<tr>
<td>Roundtable headed by Secretary DPIIT on the mobilisation of surplus funds available with a pension, insurance, and PSUs for investment into startups</td>
<td>Jan '20</td>
<td>Delhi</td>
</tr>
</tbody>
</table>

![Roundtable organised by Startup India, DPIIT](image-url)
2.11.6 STARTUP GRAND CHALLENGES

Startup India has worked with various Government Departments to conduct Startup Challenges on various sectors and domains. This has channelized many Central Government Departments to work with startups and incorporate the spirit of innovation and entrepreneurship.

STARTUP INDIA CRPF GRAND CHALLENGE

Central Reserve Police Force (CRPF), through this challenge was looking for new concepts & innovations in the areas identified. The objective was to address critical issues hampering growth of the security sector in the country by leveraging technical expertise and best fundamental concepts thus helping talented and creative innovators to pursue promising avenues at the frontier of technology.

AYUSHMAN BHARAT PMJAY STARTUP GRAND CHALLENGE

Ayushman NHA in partnership with Startup India launched the Ayushman Bharat PMJAY Startup Grand Challenge as a call to action for the Indian startup community to generate cutting-edge solutions for supporting the National Health Authority towards more effective implementation of Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) and empowering 500 million people to gain access to affordable healthcare.

ANIMAL HUSBANDRY STARTUP GRAND CHALLENGE

The Department of Animal Husbandry and Dairying, in partnership with Startup India, launched the ‘Animal Husbandry Startup Grand Challenge’, to scout for innovative and commercially viable solutions to address the problems faced by the animal husbandry and dairy sector.

STARTUP INDIA SINGLE-USE PLASTIC INTERNATIONAL GRAND CHALLENGE

The Startup India Single-Use Plastic International Grand Challenge was hosted by DPIIT on the Startup India Portal from 2nd to 22nd October inviting entries for three problem statements i.e, Discard of Single Use Plastic, Consumption of Single Use Plastic, Production of Single Use Plastic.

MNRE STARTUP GRAND CHALLENGE

Ministry of New and Renewable Energy (MNRE) launched a unique opportunity for startups and innovators to solve some key challenges being faced by in the Renewable energy sector in India. The MNRE identified key problem statements which range from innovative use of renewable energy for enhancing quality of life to energy solutions for regions with difficult terrain.

SWACHCH BHARAT CHALLENGE

Startup India worked with Ministry of Water and Sanitation to recognise startups spearheading novel innovations in the field of waste management, water management, air management and sanitation. The initiative helped the Ministry to identify relevant solutions for environmental challenges.

ACCELERATE WITH NSG

National Security Guard is Federal Contingency World Class Zero Error Force to deal with anti-terrorist activities in all its manifestation. The NSG is a Force specially equipped and trained to deal with specific situations and is therefore, used only in exceptional circumstances to thwart serious acts of terrorism. Themes for the challenge included drones, security solutions and defence.

STARTUP INDIA TEXTILE GRAND CHALLENGE

India is a global manufacturing hub for textiles and apparel. Innovation is the engine of growth for any sector and thus this challenge is a platform to bring innovative ideas on front and reward them. The theme of the challenge was Single & Multi-Use Plastic Bag Alternatives. The challenge is split in two problem statements, single-use plastic alternative and multi-use plastic alternative.
2.11.7 INTERNATIONAL BILATERAL COOPERATION WITH COUNTRIES HAVING STRONG STARTUP ECOSYSTEMS

Startup India has 10 International Bridges of which two were added in FY 2019-20, these were Russia and UK. These 10 international bridges are as below:

**INDIA ISRAEL INNOVATION BRIDGE:**

This is a tech platform to facilitate bilateral cooperation between Indian and Israeli Startups, tech hubs, corporations, and other key innovation ecosystem players. The Innovation Bridge is housed within the Startup India Portal, a one-stop-shop web platform for the startup ecosystem of India. The Indian Israeli Innovation Challenge was conducted in 2017 as a part of this bridge.

**INDIA SINGAPORE ENTREPRENEURSHIP BRIDGE:**

India Singapore Entrepreneurship Bridge is a digital platform to enable startups, investors, and aspiring entrepreneurs of both countries to connect with one another with the focus on knowledge exchange, networking opportunities, and capacity building. The first initiative in this engagement was the ASEAN India Grand Challenge that aimed to support ASEAN startups with a commercially viable solution that can solve India's priority sectors through a market access programme across 5 States of India.

**INDIA PORTUGAL STARTUP HUB (IPSH):**

IPSH will enable startups, investors, incubators, and aspiring entrepreneurs of both countries to connect with one another and provide them with resources to be recognised as global startups. The MoU between Startup Portugal and Invest India was renewed on 14th February 2020 to collaborate startup ecosystems of both the countries. Additionally, a startup exchange programme between the two countries has been envisioned under this MoU.

**INDIA SWEDEN STARTUP SAMBANDH:**

The digital platform focuses on deepening engagement among stakeholders in both ecosystems. It provides a favorable business environment and necessary guidance to startups from both the countries for sustainable growth of their businesses. This bridge hosted the Stockholm Tech Fest in 2018.
INDO-DUTCH STARTUP LINK:

The Indo-Dutch Startup Link will act as a one-stop platform for Startups from India and the Netherlands. The initiative will enable start-ups, investors, incubators, and aspiring entrepreneurs of both countries to connect with one another, facilitate knowledge exchange, and provide pilot opportunities to start-ups. The India-Netherland Tech Summit 2019 was held at JW Marriot Aerocity in New Delhi during October 2019. The summit focused on innovation related to water, agri/food, and health. A total of 171 applications were received from Indian and Dutch start-ups; winners won tickets to the GITR Global Event in 2020.

INDIA FINLAND BRIDGE:

Startup India participated in the Slush Tech-Fest 2019 held in Helsinki, Finland in December 2019. The event had over 25,000 attendees, with over 3,500 start-ups, 2,000 investors, and 600 journalists coming in from over 100 countries to participate together in this global networking festival. Twenty-five start-ups were provided a startup pass to attend the Global Festival and showcase their innovation at the event (India Pavilion). Additionally, an exposure visit was organised for start-ups to the Alto Startup Center where they learned about the Finnish startup ecosystem, how to succeed at Slush along with a networking lunch with the German delegation.

INDIA KOREA STARTUP HUB:

The India-Korea Startup Hub is a one-stop platform to bring the Indian and Korean startup ecosystems closer and to facilitate joint innovation between the two economies. The Hub was conceptualised as part of a joint statement signed between the Korea Trade-Investment Promotion Agency (KOTRA) and Invest India on 9th July 2018. Two challenges have been conducted as a part of this bridge, these are the Mahindra and SBI Startup Grand Challenges.

INDO JAPAN STARTUP HUB:

The Japan India Startup Hub is an online platform to bridge the gap between Indian & Japanese startup ecosystems and enable meaningful synergies to promote joint innovation in both economies. The Hub was conceptualised as part of a joint statement signed between the Ministry of Economy, Trade, & Industry (Japan) and Ministry of Commerce & Industry (India) on 1st May 2018. The Hub enables collaborations between start-ups, investors, incubators, & aspiring entrepreneurs of both countries and provides them requisite resources for market entry & global expansion. Softbank’s Tech4Future Grand Challenge was launched as a part of this bridge and saw 350+ applications from which the winning startup was awarded a cash prize of $50,000.
INDIA RUSSIA COLLABORATION:

The Indo-Russian Innovation Bridge aims to enable startups, investors, incubators, and aspiring entrepreneurs of both countries to connect and provide them with resources to expand and become global players. Two challenges have been hosted under this collaboration. These are the Startup India – MTS Innovation Challenge under which 4 winning startups received a travel grant of up to INR 216,400 for 2 months free acceleration at MTS, Moscow along with paid pilot opportunity with MTS Startup Hub. The second challenge hosted as a part of this bridge is the Startup India Kalyani EdTech Challenge under which 218 applications were received and 10 startups have been shortlisted for the final pitching round. The winning startup will be awarded a cash prize of USD 25,000.

INDIA–UK COLLABORATION:

INDIA–UK Startup Launchpad was launched by Director DPIIT and Department of International Development (DFID) on 19th September 2019 at the TechXchange 2019. UK’s commitment to Indian startups was announced in November 2016 through a joint statement between Prime Ministers of India and the UK. DFID worked closely with DPIIT to design the programme, referred to as the INDIA–UK Fast Track Startup Fund (FSF). A MoU was signed between the Government of the United Kingdom of Great Britain and Northern Ireland through DFID and the Department of External Affairs.
03

DESIGNING OF THE STATE/UT RANKING FRAMEWORK 2019
Since the launch of Startup India Initiative in 2016, the Department for Promotion of Industry and Internal Trade (DPIIT) has taken various steps to support and encourage states and UTs towards creation of a conducive environment for startups, which together shall integrate into a strong national startup ecosystem for entrepreneurs in India.

Startup India, DPIIT, has worked relentlessly to build an ecosystem that promotes entrepreneurship at the grassroots, and has undertaken several initiatives to ensure that the startups get appropriate facilitation and support.

### 3.1 VISION AND CONCEPTUALISATION

The vision of launching State/UT Startup Ranking Exercise was laid in April 2017 under the leadership of Secretary, DPIIT, Ministry of Commerce and Industry, Government of India. This is first of its kind initiative to utilize the power of competitive federalism to transform a country into a flourishing startup ecosystem.

Considering that the core functioning of an enabling ecosystem in a State/UT is a function of the effective implementation of the framework and policies put in place; the States’ Startup Ranking Framework primarily focuses on assessing States/UTs on key areas of interventions that are imperative to develop a healthy Startup ecosystem. The major objectives of the Ranking Exercise are given below:

- Highlight the policy intervention by states for promoting Startup ecosystem
- Foster competitiveness among states to create best Startup ecosystem
- Facilitate States to identify, learn and replicate good practices

The Ranking Exercise is aligned to the objective of the Startup India initiative that seeks to have a ‘Startup in each block and each zila in the country’. The States’ Startup Ranking initiative has provided the required momentum to the startup initiatives by channelizing efforts through a guiding framework for states.

### 3.2 STATE/UT STARTUP RANKING FRAMEWORK 2018

To finalise and launch the first Ranking Framework, Startup India team, DPIIT explored good practices of leading Startup ecosystems across the world to identify pillars and themes to serve as the foundation for the Ranking Framework. The State/UT Startup Ranking 2018 was launched by Hon’ble Minister of Commerce & Industry, on 6th February 2018.

The Ranking Framework was drafted and released with the intent to serve as a guideline document for States to refer while implementing initiatives for Startup ecosystem development. The framework was spread over 7 pillars i.e Startup Policy and Implementation, Incubation Support, Seed Funding Support, Angel & Venture Funding Support, Simplified Regulations, Easing Public Procurement, and Awareness & Outreach. The framework was spread across 38 action points, which covered most of the requirements of a Startup that may be facilitated by the Government. Results of the Ranking Exercise were announced on 20th December 2018 at a special event organized at Pravasi Bhartiya Kendra, New Delhi.

States were identified as leaders across various categories such as Startup Policy Leaders, Incubation Hubs, Seeding Innovation, Scaling Innovation, Regulatory Change Champions, Procurement Leaders, Communication Champions, North-Eastern Leader, and Hill State Leader.
3.3 STATE/UT STARTUP RANKING FRAMEWORK 2019

Coming up with the second edition of the State/UTs Startup Ranking Framework has been a collaborative effort. DPIIT discussed key learnings from the 2018 Ranking Exercise and held consultation workshops with all the States and UTs before establishing this year's framework. The Action Points were deliberated and subsequently articulated to minimize ambiguities and increase clarity in the scoring process.

The second edition of State/UT Startup Ranking Framework was launched on February 18, 2019. The framework is spread across 7 areas of intervention with a total of 30 action points, as compared to the 38 action points in previous years' Ranking Framework. The seven pillars include Institutional Support, Simplifying Regulations, Ease of Public Procurement, Incubation Support, Seed Funding Support, Venture Funding Support, and Awareness & Outreach. Each pillar has been assigned weightage as per its importance and post-consultation with startup ecosystem stakeholders. Following is the scoring matrix used as part of the overall ranking framework:

<table>
<thead>
<tr>
<th>Area</th>
<th>Action Points</th>
<th>Total Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Support</td>
<td>8</td>
<td>24</td>
</tr>
<tr>
<td>Incubation Support</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Simplifying Regulations</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>Seed Funding Support</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>Venture Funding Support</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Awareness &amp; Outreach</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Easing Public Procurement</td>
<td>6</td>
<td>14</td>
</tr>
</tbody>
</table>

The total action points are 30, with a total score of 100.
The State/UT Startup Ranking Framework 2019 provides the guidelines for proper implementation of action points and highlights best practices for each action point.

Overall, this years’ Ranking Exercise saw participation from 22 States and 3 Union Territories. The period under which compliance on action points was considered is from 1st May 2018 to 30th September 2019. Guidelines against each action point were provided in the Ranking Framework for guiding states in implementing reforms. Another document was shared with states explaining the methodology of the feedback exercise. The detailed evaluation methodology is available at the State Startup Ranking Portal.

### 3.4 KEY ADDITIONS IN STATES’ STARTUP RANKING FRAMEWORK 2019

The State/ UT Startup Ranking Framework 2019 has been conceived by acknowledging the evolving needs of a dynamic ecosystem. Learnings and feedback from previous years’ ranking exercises have also been incorporated in this years’ framework. There have been significant additions in the framework this year. Some of them include:

- The Action Points were deliberated and subsequently articulated to minimize ambiguities and increase clarity in the scoring process. This years’ framework includes 30 Action Points as compared to 38 Action Points in last years’ framework.

- For some Action Points, there was a relaxation in Period of Consideration, since they were being introduced for the first time and have long-term impacts. This includes AP 8: Support from various government departments.

- **Categorization of states/UTs into X and Y:** To establish uniformity and ensure standardisation in the ranking process, states and UTs have been divided into Category-X and Category-Y. Wherein the Y category entails all UTs, except Delhi, and all states in North East India, except Assam. Whereas, Category X contains all other states.

- **Prerequisite of documentary evidence:** The Framework aims to evaluate States/UTs holistically, thereby it has made documentary evidence of compliance on action points a prerequisite for collection of feedback.

- **Increase in weightage of beneficiary feedback:** The evaluation of states/UTs included collecting feedback from the startup beneficiaries on 25 action points out of 30 action points. Overall, the weightage given to feedback was 76% of the total score, as compared to 18% weightage given last year.

#### CATEGORY X
1. Assam
2. Andhra Pradesh
3. Bihar
4. Chhattisgarh
5. Delhi
6. Goa
7. Gujarat
8. Haryana
9. Himachal Pradesh
10. Jammu & Kashmir
11. Jharkhand
12. Karnataka
13. Kerala
14. Madhya Pradesh
15. Maharashtra
16. Odisha
17. Punjab
18. Rajasthan
19. Tamil Nadu
20. Telangana
21. Uttar Pradesh
22. Uttarakhand
23. West Bengal

#### CATEGORY Y
1. Arunachal Pradesh
2. Andaman and Nicobar Islands
3. Chandigarh
4. Dadra and Nagar
5. Daman and Diu
6. Lakshadweep
7. Manipur
8. Meghalaya
9. Mizoram
10. Nagaland
11. Puducherry
12. Sikkim
13. Tripura

‘All the maps used in the report represent data till 30th September 2019’
3.4.1 DETAILS OF THE SCORING METHODOLOGY

BENEFICIARY FEEDBACK SPLIT FOR 25 ACTION POINTS IS GIVEN BELOW:

- **10 ACTION POINTS** require feedback from only registered startups
- **13 ACTION POINTS** require feedback from only beneficiary startups
- **1 ACTION POINT** requires feedback from both components (all registered startups and beneficiary startups)
- **1 ACTION POINT** requires feedback from participatory startups

<table>
<thead>
<tr>
<th>S.No</th>
<th>Pillars of Framework</th>
<th>Number of Action Points</th>
<th>Number of Feedback based Questions</th>
<th>Pillar-wise score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Institutional Support</td>
<td>8</td>
<td>7</td>
<td>24</td>
</tr>
<tr>
<td>2</td>
<td>Simplifying Regulations</td>
<td>3</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>Easing Public Procurement</td>
<td>6</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>4</td>
<td>Incubation Support</td>
<td>4</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td>5</td>
<td>Seed Funding Support</td>
<td>3</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>6</td>
<td>Venture Funding Support</td>
<td>2</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>Awareness and Outreach</td>
<td>4</td>
<td>3</td>
<td>8</td>
</tr>
</tbody>
</table>

**STATES’ STARTUP RANKING 2019**
SCORING IN ACTION POINTS WITHOUT FEEDBACK

• Where scores are assigned on the basis of documentary evidence, full score shall be awarded on complete compliance. Zero score shall be awarded for partial or no compliance.

• Evaluation Committees to provide final approval of documents to States against all action points after evaluating supporting documents.

• Where outcome has been indicated as a metric in any action point, State/UT with maximum accepted value of metric will be awarded full score.

• Other States/UTs will be awarded score in proportion to their performance vis-à-vis maximum value of metric for any State/UT.

SCORING IN ACTION POINTS WITH FEEDBACK

• Random sample of fifty (50) respondents from claimed beneficiaries will be taken for feedback. A 70% positive feedback will result in acceptance of the number of claimed beneficiaries. Where positive feedback is less than 70%, claimed beneficiaries will be considered to be zero and no score shall be awarded.

• For category-X states, in general, where the number of beneficiaries is less than 50, no feedback will be taken, and zero score shall be awarded unless it is specifically mentioned in the action point that there is no minimum beneficiary criterion.

• For category-Y States/UTs, the criteria of at least 50 beneficiaries will not be insisted upon.

COMBINING THE OVERALL SCORES

Based on scores on all action points, overall scores for each State/UT shall be calculated.

Within each category, States and UTs will be grouped based on their relative performance into 5 groups.

Best performing States/UTs shall also be graded in each framework pillar to recognize their performance.

In addition, individual officers shall also be awarded for their significant contribution to strengthen Startup ecosystem under their jurisdiction.
**ILLUSTRATIVE FEEDBACK SCORING: MAXIMUM SCORE 2.**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Category X States</th>
<th>Claimed Beneficiaries</th>
<th>Feedback calls</th>
<th>Positive Responses</th>
<th>Accepted Beneficiaries</th>
<th>Relative Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>State 1</td>
<td>156</td>
<td>50</td>
<td>40</td>
<td>156</td>
<td>1.56</td>
</tr>
<tr>
<td>2</td>
<td>State 2</td>
<td>45</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>3</td>
<td>State 3</td>
<td>60</td>
<td>50</td>
<td>30</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>4</td>
<td>State 4</td>
<td>108</td>
<td>50</td>
<td>35</td>
<td>108</td>
<td>1.08</td>
</tr>
<tr>
<td>5</td>
<td>State 5</td>
<td>200</td>
<td>50</td>
<td>38</td>
<td>200</td>
<td>2.00 (Max)</td>
</tr>
<tr>
<td>6</td>
<td>State 6</td>
<td>180</td>
<td>50</td>
<td>37</td>
<td>180</td>
<td>1.8</td>
</tr>
<tr>
<td>7</td>
<td>State 7</td>
<td>55</td>
<td>40</td>
<td>0</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>8</td>
<td>State 8</td>
<td>85</td>
<td>50</td>
<td>38</td>
<td>85</td>
<td>0.85</td>
</tr>
<tr>
<td>9</td>
<td>State 9</td>
<td>135</td>
<td>50</td>
<td>43</td>
<td>135</td>
<td>1.35</td>
</tr>
<tr>
<td>10</td>
<td>State 10</td>
<td>50</td>
<td>50</td>
<td>40</td>
<td>50</td>
<td>0.50</td>
</tr>
</tbody>
</table>

**PROCESS OF FEEDBACK SCORING:**

- **Case 1:** In case of ‘State 2’, since the number of claimed beneficiaries are less than 50, the feedback shall not be collected.
- **Case 2:** For ‘State 7’, the number of claimed beneficiaries are greater than 50. However, the number of successful calls to respondents are less than 50 (i.e. 40 calls), the State has not been considered for feedback.
- **Case 3:** In case of ‘State 3’, positive response was received only from 30 respondents (out of 50) which is less than 70%. Hence zero score is awarded.
- All States except State 2, State 3 and State 7 have qualified for assigning scores since positive feedback is received from at least 70% respondents. For all these States, the claimed beneficiaries have been accepted.
- Thus, State 5 with maximum number of accepted beneficiaries i.e. 200 Startups has been assigned maximum score (2 score).
- Rest of the States and UTs will be assigned scores in proportion to their accepted beneficiaries.

**CONCLUSION**

The State/UT Ranking framework 2019 aims to gauge the impact of the initiatives taken across startup ecosystems by adding new components such as categorising the states/UTs appropriately, adding prerequisite documentary evidence and increasing weightage of the beneficiary feedback. Subsequently, it is essential to understand the evaluation methodology and implementation process of the Startup India which aim to help different states and UTs build sustainable startup ecosystems.
04
IMPLEMENTATION AND EVALUATION
4.1 EVALUATION METHODOLOGY AND IMPLEMENTATION OVERVIEW

The second edition of State/UT Startup Ranking Framework measures states and UTs on 30 Action Points across 7 pillars, and rates the overall efforts by states on a scale of 0 to 100. The seven diverse pillars of the ranking framework cover parameters such as Institutional Support, Simplifying Regulations, Ease in Public Procurement, Incubation Support, Seed Funding support, Venture Funding support, and Awareness and Outreach.

THE FOLLOWING ACTIVITIES WERE UNDERTAKEN FOR EFFECTIVE IMPLEMENTATION OF THE RANKING EXERCISE ACROSS THE COUNTRY:

- **State Consultation Workshop**: To understand the current state of their startup ecosystems, collect feedback on the draft framework and thus come up with the revised framework.
- **State Sensitization Workshops**: To introduce the ranking framework 2019 to various states and UTs.
- **Regional Knowledge Exchange Workshops**.
- **Beneficiary Feedback Collection**.
- **Query Resolution through Video Conferencing Sessions**.
- **International Exposure Visits**.
- **Online Portal Development**: Designed to serve as a single point of access for all the information regarding State/UT Startup Ranking Exercise.
- **Evaluation of Documents Submitted by States**.
4.2 DEDICATED ONLINE STATE/UT STARTUP RANKING PORTAL

To ensure seamless dissemination of information and transparent system for collection of responses from the states and Union Territories (UTs), the State Startup Ranking Portal was launched on 6th Feb 2018 alongside the launch of State Startup Ranking Framework, 2018. The portal is available on www.startupindia.gov.in/srf.

State Startup Ranking Portal represents a paradigm shift by using technology as an enabler to make governance and data management more efficient and transparent. The portal is specially designed to serve as a single point of access for all information regarding State/UT Startup Ranking Exercise. This year, it has been made more user-friendly to ensure maximum efficiency from the Nodal Officers while submitting documents. States and UTs, through their login could access a dynamic and personalised dashboard. Each state and UT was linked to one user account and could submit information directly to DPIIT securely and safely for each action point.

State Startup Ranking Portal provides ease of navigation for states and UTs as users. For DPIIT, it provides productive ways to issue notifications, provide comments to the submissions, and responds to inquiries of the states and UTs on each action point. The portal also provided functionality to seek additional documents from states and UTs, wherever necessary.

State Startup Ranking Portal was built to provide the following:

- Real-time tracking and assessment of submissions and inquiries of states and UTs
- Details of the state-level good practices to learn and replicate from the experience
4.3 CAPACITY BUILDING OF STATES/UTs

4.3.1 STATE SENSITISATION WORKSHOPS

A dedicated team from DPIIT visited states to meet with the designated officials of the State Startup policy team. The objective was to introduce the Startup India initiative, the State/UT Startup Ranking Framework, 30 action points, and assessment methodology. During these interactions, state government officials and state startup teams were given a live demo of the State/UT Startup Ranking Portal. This included creating a user profile, uploading documents, and navigating through the dashboard to submit feedback. The DPIIT appointed team ensured that the State Government officials understand the framework, can submit responses with ease, and have a dedicated Single Point of Contact (SPOC) to troubleshoot the problems of the state, if any.

As a result of these visits, a deeper engagement was developed between the State Government and DPIIT. Furthermore, State Government officials also proposed opportunities for engagement with DPIIT by way of:

- Setting up toll-free helpline and website
- Support in policy formulation and drafting operating guidelines
- Support in identifying and engaging Startup ecosystem stakeholders

4.3.2 MULTIPLE VIDEO CONFERENCING SESSIONS

A parallel channel of engagement was established between DPIIT and states for assessing their preparedness on the Ranking Exercise. Five rounds of VCs were organised with all states during State/UT Startup Ranking Exercise 2019. These VCs helped in understanding the initiatives taken by states post the launch of the framework and to resolve any queries related to compliance with framework guidelines. Dedicated team members from DPIIT and each State Government were nominated to facilitate these interactions and successful implementation of the exercise. The VCs provided a platform for states to suggest amendment in ranking guidelines for certain action points.

4.3.3 REGIONAL KNOWLEDGE EXCHANGE WORKSHOPS

As a capacity development exercise, DPIIT organised Knowledge Exchange Workshops for the dissemination of good practices and mutual learning among states and UTs. These workshops provided startups an opportunity to learn from peers across regions giving them a larger exposure of different cultures and their thinking. This helps fight cultural biases and brings about a shift toward a more open-mindedness method amongst startups.

Three two-day knowledge exchange workshops were organised in three leading states across the country. The workshops offered an opportunity for participating states and UTs to interact with each other, exchange best practices, interact with leading startups, investors, and incubators.

The workshops were organised at the following locations:

<table>
<thead>
<tr>
<th>RAJASTHAN</th>
<th>MAHARASHTRA</th>
<th>KERALA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaipur</td>
<td>Mumbai</td>
<td>Kochi</td>
</tr>
<tr>
<td>29th – 30th July 2019</td>
<td>5th – 6th August 2019</td>
<td>20th– 21st August 2019</td>
</tr>
</tbody>
</table>
• The first knowledge sharing workshop was conducted on 29th & 30th July 2019, in Jaipur and witnessed participation from seven states – Punjab, Delhi, Uttar Pradesh, Madhya Pradesh, Haryana, Kerala, and Jammu & Kashmir.
• The workshop comprised of panel discussions on the Rajasthan startup ecosystem, future of innovation, innovation funding and procurement challenges, agri-innovation, governance, and smart solutions and opportunities in the future.
• Among other activities, a tour of iStart Nest, Bhamashah Techno Hub, and Abhay Command Center was organised for all the officials from State Governments to discuss ideas on developing a vibrant and creative infrastructure for innovators.

  - iStart Rajasthan is the flagship programme by the Department of Information Technology & Communication, Government of Rajasthan to foster innovation, create jobs, and facilitate investment in the state. The state representatives were given a tour of the incubation space where they interacted with the current cohort of startups at iNest.
  - Bhamashah Techno Hub is spread across 100k sq ft. and has seating for 700 startups. At Bhamashah, the state officials got a chance to tour the digital museum and a tinkering lab for the development of products, experience adaptive learning through Augmented Reality, Virtual Reality and 5D technologies, computational thinking, lending a major fillip to the entrepreneurial ecosystem in Rajasthan.

Over the two days, the workshop offered various state representatives an opportunity to interact, brainstorm, and exchange best practices for more effective formulation and implementation of policies within their jurisdiction.

Representatives of all participating states at the Regional Knowledge sharing Workshop for Startups in Jaipur
The second Regional Knowledge Exchange Workshop was conducted in Mumbai from 5th-6th August 2019 with total participation from 10 states - Andhra Pradesh, Gujarat, Karnataka, Mizoram, Tamil Nadu, Telangana, Uttarakhand, Rajasthan, Dadra & Nagar Haveli, Daman & Diu.

Maharashtra State Innovation Society (MSIns) presented Maharashtra’s Startup pillars & best practices for the participating states, explaining the journey of building an innovative and entrepreneurial culture in the state.

Open discussions were organised around the Startup Policy of states, implementation & the challenges involved. As part of the workshop, several Maharashtra based startups also showcased their ideas and products. Panel discussions included the role of government in the startup space from the viewpoint of Venture Capitalists (VCs), Debt & Angel Investors.

The state officials visited the Society for Innovation and Entrepreneurship (SINE), an umbrella organisation at the Indian Institute of Technology (IIT), Mumbai for fostering entrepreneurship and nurturing tech startups.

Field visits to Biomedical Engineering and Technology Incubation Center (BETiC), IIT Mumbai, and Research Innovation Incubation Design Labs (Riidl) were also conducted.
KOCHI, KERALA

• The third workshop was conducted in Kochi from 20th - 21st August 2019 and 12 states participated including – Maharashtra, Bihar, Arunachal Pradesh, Andaman & Nicobar Islands, Assam, Puducherry, Jharkhand, Madhya Pradesh, Nagaland, Odisha, Karnataka, Chhattisgarh
• Two-panel discussions on each day of the workshop were conducted with important ecosystem players and government organisations on subjects such as Funding, Procurement, Incubation & Acceleration. The state officials visited the Integrated Startup Complex, BioNest, and InQ Co-Working Space.
• Kerala Startup Mission, the state nodal agency for supporting technology startups in the state had envisaged and constructed the Technology Innovation Zone which is a 13-acre Startup Campus where multiple sector incubators and accelerators come together with industry participation. This zone has startups with more than 30 patent applications and one of the best Hardware Incubators in the country named Maker Village, supported by the Ministry of Electronics and Information Technology (MeitY). The states interacted with the startups at the Innovation Zone and understood their respective journeys from ideation to the market stage.
• The states also explored areas of collaboration to leverage the strengths and knowledge of each other for effective policy initiatives.
4.3.4 INTERNATIONAL EXPOSURE VISITS

In continuation to DPIIT’s efforts to handhold and support states & UTs in developing their startup ecosystem under the Ranking Exercise, DPIIT offered the opportunity to a group of states to visit some of the world’s best and developed startup hubs. The objective was to enable the states to understand and assimilate best practices from these international ecosystems and assists in implementation of these practices in their respective ecosystems.

UNITED STATES OF AMERICA

For the visit for the assessment year 2019-20, DPIIT had chosen the United States of America (USA) as the first destination for states’ exposure visits. The USA has the best and most progressive Startup ecosystem in the world, offering huge opportunities for learning best practices to support entrepreneurship in the states. DPIIT had nominated states/UTs for the visit.

From each of the below states, bureaucrats from the states, also in charge of startups were nominated. The total delegation size was 20 state officials.

The visit was planned across two locations – San Francisco, California, and Seattle, Washington. Date wise meetings at the following locations are indicated below:

<table>
<thead>
<tr>
<th>Location</th>
<th>Date</th>
<th>Participating States</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Francisco,</td>
<td>30th September &amp; 1st</td>
<td></td>
</tr>
<tr>
<td></td>
<td>October 2019</td>
<td>Assam, Bihar,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chandigarh, Jharkhand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Odisha</td>
</tr>
<tr>
<td>Seattle,</td>
<td>3rd October &amp; 4th</td>
<td></td>
</tr>
<tr>
<td></td>
<td>October 2019</td>
<td>Punjab, Uttarakhand,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jammu &amp; Kashmir,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Puducherry, Goa</td>
</tr>
</tbody>
</table>

Meetings in San Francisco were organised with key personnel from UC Berkeley, Cisco, Google Cloud, stakeholders in Silicon Valley ecosystem, Facebook, Silicon Valley Bank, and 500 Startups. In Seattle, the meetings took place with Boeing, subsidiaries of Microsoft such as Microsoft Azure (Cloud), Microsoft Reactor Programme, Microsoft Ventures (VC Fund), Microsoft AI Research Centre, and Amazon Web Services.

KEY TAKEAWAYS FROM THE EXPOSURE VISIT:

- The Smart Village Movement follows an Open Innovation approach that integrates technology and indigenous rural practices to generate sustainable revenue for the constituents, thus increasing the overall standard of living and quality of life, simultaneously creating economic, social, and environmental value.

- Cisco discussed its innovation ecosystem that has been cultivated across the US and India with various programmes oriented towards Startups.

- Google Cloud runs a Global Startup Programme under which Google offers Cloud Platform credits for one year to early-stage startups to host applications on its servers. Google also operates an acceleration programme, Launchpad for 6 months providing mentorship, equity-free support, and access to Silicon Valley experts.

- As part of this programme, Facebook works with Venture Capital funds with the aim of skilling and mentoring brands by sharing insights on best practices, proven solutions, playbooks, and vertical insights among other key learnings.

- Silicon Valley Bank is a high-tech commercial bank that focuses on lending to technology companies, providing multiple services to venture capital, revenue-based financing and private equity firms that invest in technology and biotechnology, and also on private banking services for high net-worth individuals, in its home market in Silicon Valley.

- 500 Startups is an early-stage venture fund and seed accelerator. It backs the world’s most talented entrepreneurs, helps them create successful companies at scale, and builds thriving global ecosystems. It is one of the most active venture capital firms in the world.

- When visiting Microsoft, the delegation learned about how its cloud infrastructure is becoming a backbone to various open-source innovations across the world.

- M12, formerly Microsoft Ventures, is a corporate venture capital subsidiary of Microsoft. Founded in March 2016, its mission is to be an active, strategic partner during a startup’s growth, typically investing between Series A and D.
GERMANY

The International Exposure Visit to Germany for states was organised from 10th to 14th February 2020. The objective of the visit was to interact with multiple stakeholders from the German startup ecosystem and learn best practices that can be adopted by the states for accelerating the development of their local startup ecosystems.

The delegation visited three cities during the visit: Berlin, Dusseldorf, and Frankfurt. The cities were chosen because of the unique learning opportunities that each of them provided.

Berlin has established itself as one of the most entrepreneur-friendly cities in the world.

Dusseldorf is the capital of the state of North-Rhine Westphalia (NRW), which is a German state with the maximum percentage of trade volume with India.

Frankfurt is a hotspot for banks, investors, and international corporations. With a startup ecosystem value of about $1.5 billion, Frankfurt is seeing success in sub-sectors like Fintech and Cybersecurity.

PARTICIPATING STATES

Andaman and Nicobar Islands
Delhi
Haryana
Himachal Pradesh
Madhya Pradesh
Uttar Pradesh
Uttarakhand

STATES’ STARTUP RANKING 2019
KEY LEARNINGS FROM THE VISIT

• FOCUS ON LONG-TERM IMPACT – The visit focused on specific inputs from the German Startup Ecosystem having a long-term impact on augmentation of existing business ecosystems and acceleration of local startup ecosystems.

• ENCOURAGING A SYNERGISTIC RELATIONSHIP BETWEEN CORPORATES AND GOVERNMENT – The government representatives in the country provided support in key implementation aspects and followed a hands-off model of governance, with a focus on meeting long-term KPIs rather than short-term goals.

• FOCUS ON BEING SELF-SUSTAINING – Most government schemes were created to make the model self-sustaining in the near future with minimal environmental impact i.e. potential revenue generation streams were identified, an active contribution from private organisations was sought by creating value-added services for them, and frameworks were set-up to reduce failure in the initial stages.

• REDUCING THE REGULATORY BURDEN – Great emphasis was laid on easing compliances, streamlining processes and documentation required, and minimising the need for bureaucratic interventions. This allowed greater flexibility to entrepreneurs and issues that the compliance costs do not adversely affect initially staged startups.

• COLLABORATIVE SPIRIT – Collaboration is encouraged right from the grass root levels to the national level. Startups are encouraged to partner with each other, and City, State, and National authorities display a strong willingness for long-term cross-border collaborations.

• BUILDING A WELCOMING ENVIRONMENT FOR ASPIRING ENTREPRENEURS – Building an ecosystem where not only entrepreneurship is encouraged but failure is also celebrated is a key to making entrepreneurship a viable career option, especially at the university level.

KEY VISITS

EUROPEAN ENERGY FORUM: The delegation discussed renewable energy and how its shift is practical and financially feasible. This was demonstrated through an innovative community comprising business and science, a climate-neutral energy supply, an intelligent energy grid, energy-efficient buildings, and a testing platform for future mobility and numerous research projects.

MOTIONLAB: Discussion with delegates was on the importance of a co-working space that startups could use to ‘prototype’ their products with the help of common-use equipment. The delegation met with an Indian entrepreneur currently operating out of such a facility called the MotionLab facility, highlighting the crucial importance of having such facilities for technology hardware startups.

VODAFONE: The discussion revolved around how Vodafone is working to bring 5G Internet services to the masses. The delegation was told how working closely with innovative startups is beneficial for a company like Vodafone as it helps them make rapid progress in delivering cutting-edge technologies to customers.

STATES’ STARTUP RANKING 2019
4.4 ASSESSMENT PROCESS

4.4.1 SUBMISSION OF DOCUMENTARY EVIDENCE

The State/UT Startup Ranking Exercise required states and UTs to share supporting documents under each action point, these documents serve as evidence for the progress under the concerned action points. Some of the documents include state policies, amendments, a list of startups, acknowledgment letters, proof of fund release, and event reports. The document assessment mechanism aids the states by comparing their performance against other similar but better performing states.

4.4.2 BENEFICIARY FEEDBACK COLLECTION

Feedback exercise is an effective way of directly connecting with multiple stakeholders in the startup ecosystem. It helps put together a complete picture of the initiatives under the action point and help the states/UTs achieve desired results.

A parallel exercise of feedback collection was conducted by an external agency appointed by DPIIT. Out of the total of 30 Action Points, 25 Action points were selected to collect feedback from the direct beneficiaries.

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Feedback based score</th>
<th>Non-Feedback based score</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Support</td>
<td>18</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>Simplifying regulations</td>
<td>6</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Easing public procurement</td>
<td>6</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Incubation support</td>
<td>23</td>
<td>0</td>
<td>23</td>
</tr>
<tr>
<td>Seed funding support</td>
<td>11</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Venture funding support</td>
<td>6</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Awareness and outreach</td>
<td>6</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>76</strong></td>
<td><strong>24</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
The feedback collection mechanism was driven through an online system to ensure transparency in the feedback exercise. There was a significant increase from the last year’s statistics as described below with better coverage of languages, higher call attempts made, and a higher number of responses.

**MORE THAN 60000 CALLS WERE ATTEMPTED IN 11 DIFFERENT LANGUAGES TO CONNECT WITH BENEFICIARIES.**

<table>
<thead>
<tr>
<th>Language</th>
<th>Number of Calls</th>
</tr>
</thead>
<tbody>
<tr>
<td>English</td>
<td>20,000</td>
</tr>
<tr>
<td>बांग्ला</td>
<td>10,000</td>
</tr>
<tr>
<td>हिंदी</td>
<td>15,000</td>
</tr>
<tr>
<td>ગુજરાતી</td>
<td>12,000</td>
</tr>
<tr>
<td>తెలుగు</td>
<td>8,000</td>
</tr>
<tr>
<td>ଓଡ଼ିଆ</td>
<td>6,000</td>
</tr>
<tr>
<td>ಕನ್ನಡ</td>
<td>7,000</td>
</tr>
<tr>
<td>मराठी</td>
<td>5,000</td>
</tr>
<tr>
<td>(Urdu)</td>
<td>4,000</td>
</tr>
<tr>
<td>(Malayalam)</td>
<td>3,000</td>
</tr>
</tbody>
</table>

**MORE THAN 6500 ENTREPRENEURS RESPONDED TO THE SURVEY**

**16 RESOURCES WERE DEPLOYED FOR THE FEEDBACK COLLECTION PROCESS**

4.4.3 ASSESSMENT BY EVALUATION COMMITTEES

The Department for Promotion of Industry and Internal Trade (DPIIT) appointed a dedicated Evaluation Committee comprising of independent experts from the startup ecosystem to assess each pillar of the ranking framework. The members were a mix of experts from the government and private organisations.

The States and Union Territories (UTs) submitted their documents on the States Ranking Portal by 30th September 2019. Post the submission process, Startup India Team conducted an interim assessment to ensure that the documents submitted by the states adhere to the norms and guidelines of the framework. This is a crucial step as it ensures that all submitted documents are complete, accurate, and valid. The preambular analysis was then presented to the members of the Evaluation Committee.

SELECTION AND MEETINGS OF EVALUATION COMMITTEE

The members of the Evaluation Committee were chosen to provide their expertise in the field of startups and as per the specific requirements of each pillar of the framework. The members were shortlisted based on their technical knowledge, professional expertise, and specific project experiences relevant to the needs of the framework. A high degree of transparency and independence of members of the Evaluation Committee was ensured to uphold the credibility of the evaluation process.

After finalisation of the committee members, an introductory meeting was scheduled to familiarize the members with the framework and provide clarification to all their queries. Post this, the meeting for the evaluation process started, a total of fourteen meetings in two rounds of evaluations were conducted from October 2019 to January 2020.
## PILLAR WISE COMMITTEE LIST

### PILLAR 1 – INSTITUTIONAL SUPPORT
1. Director, DPIIT
2. Director, IPR Cell, DPIIT
3. MSDE
4. Bhartiya Yuva Shakti Trust (BYST)
5. Ministry of Women & Child Development
6. NITI Aayog
7. Indian Private Equity & Venture Capital Association (IVCA)
8. Indian Angels Network (IAN)
9. NASSCOM
10. The Indus Entrepreneur (TiE)

### PILLAR 2 – SIMPLIFYING REGULATIONS
1. Director, DPIIT
2. Director, EODB, DPIIT
3. Ministry of Micro, Small and Medium Enterprises
4. Ministry of Labour and Employment (MoLe)
5. MeITY
6. NITI Aayog
7. Indian Private Equity & Venture Capital Association (IVCA)
8. Indian Angels Network (IAN)
9. NASSCOM
10. The Indus Entrepreneur (TiE)

### PILLAR 3 – EASING PUBLIC PROCUREMENT
1. Director, DPIIT
2. Department of Biotechnology (DBT)
3. Ministry of Micro, Small and Medium Enterprises
4. Government e-Marketplace (GeM)
5. Department of Public Enterprises (DPE)
6. NITI Aayog (AIM)
7. Indian Private Equity & Venture Capital Association (IVCA)
8. Indian Angels Network (IAN)
9. NASSCOM
10. Department of Expenditure (DoE)

### PILLAR 4 – INCUBATION SUPPORT
1. Director, DPIIT
2. MeITY
3. DBT
4. DST
5. Department of Higher Education (DHE)
6. NITI Aayog (AIM)
7. IVCA
8. IAN
9. NASSCOM
10. Foundation for Innovation and Technology Transfer (FITT), IIT Delhi

### PILLAR 5 – SEED FUNDING SUPPORT
1. Director, DPIIT
2. FITT, IIT Delhi
3. DBT
4. MeITY
5. Biotechnology Industry Research Assistance Council
6. NITI Aayog (AIM)
7. IVCA
8. IAN
9. NASSCOM
10. DST
11. CIIE at IIM-A

### PILLAR 6 – VENTURE FUNDING SUPPORT
1. Director, DPIIT
2. SIDBI
3. CIIE at IIM-A
4. Canbank Venture Capital Fund
5. International Finance Corporation
6. NITI Aayog (AIM)
7. IVCA
8. IAN
9. NASSCOM
10. TIE
11. DBT
12. DST

### PILLAR 7 – AWARENESS AND OUTREACH
1. Director, DPIIT
2. Director, EODB, DPIIT
3. Government e-Marketplace
4. All India Council for Technical Education (AICTE)
5. Department of Higher Education (DHE)
6. NITI Aayog (AIM)
7. IVCA
8. IAN
9. NASSCOM
10. TIE
11. Headstart
EVALUATION PROCESS BY THE EC MEMBERS

The chair of the evaluation committee, Ms. Shruti Singh, Director, DPIIT was assigned the responsibility of assuring that the committee’s actions are following all applicable guidelines. The chair established a timetable for evaluation meetings.

Firstly, the evaluation committee reviewed all relevant information such as the framework documents including the guidelines for each action point and the weighted evaluation criteria. The guidelines and the evaluation criteria were used to establish the standards to verify if a states’ and UTs’ approach meets the requirements of the framework. The establishment of these standards was critical since only those standards listed in the framework could be considered in the evaluation process.

The second major task of the committee was to agree upon the veracity of the documents submitted by the states and UTs after the initial analysis done by the Startup India Team. The evaluation committee sought clarifications under action points where the information provided did not meet the standards of the framework. The States and UTs were given three weeks to provide their clarifications before the second round of evaluation. Simultaneously, queries received from states were addressed through individual video conferences, calls, or e-mails.

After the first round of assessment, requests for clarifications with remarks were issued to all states through emails in November 2019. The remarks from EC members were also issued on the ranking dashboard for the reference of states.

Responses received from states after the clarification round were evaluated again by EC members in the second and last round. The last round of assessment was conducted with EC members during December 2019. States’ responses were evaluated for both supporting documents and feedback components. Based on approved supporting documents and data from the feedback exercise, all the participating states were grouped based on merit.

The entire exercise took two rounds of assessment and fourteen EC meetings to finally arrive at a conclusion. The results are detailed in the next chapter of the report.

CONCLUSION

Under the Evaluation and implementation, focus has been on dedicated online portal for disseminating information to States/UTs, sensitisation workshops for supporting state level initiatives, regional knowledge exchange workshops for exchanging best practices and international visits for learning best practices from developed startup ecosystems. With such measures, the State Ranking Framework Initiative is evolving every year with better performance metrics and evaluation methodologies.

All the evaluation measures are focused on fetching the final results at the end of the assessment year. Ranking results reflect better picture of the areas of improvement, prompting emerging State/UT ecosystems to adapt best practices from the leading States/UTs.
States and UTs from all parts of the country have shown ardent participation in the second edition of the State/UT Startup Ranking Exercise.

A total of 22 states and 3 Union Territories participated in the exercise, including four states from North East India.

To establish uniformity and ensure standardization in the ranking process, States and UTs were divided into Category-X and Category-Y. Category-X entails states and UTs with a well-established startup ecosystem. Category-Y includes all UTs, except Delhi, and all states in North East India, except Assam. All the participating States and UTs have been outlined below:

### PARTICIPATING STATES AND UTS

<table>
<thead>
<tr>
<th>CATEGORY X</th>
<th>CATEGORY Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uttarakhand</td>
<td>Uttar Pardesh</td>
</tr>
<tr>
<td>Bihar</td>
<td>Sikkim</td>
</tr>
<tr>
<td>Nagaland</td>
<td>Assam</td>
</tr>
<tr>
<td>Mizoram</td>
<td>Jharkhand</td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>Odisha</td>
</tr>
<tr>
<td>Telangana</td>
<td>Andhra Pradesh</td>
</tr>
<tr>
<td>Andaman and Nicobar Islands</td>
<td>Tamil Nadu</td>
</tr>
<tr>
<td>Odisha</td>
<td>Telangana</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>Andaman and Nicobar Islands</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>Telangana</td>
</tr>
<tr>
<td>Uttarakhand</td>
<td>Uttarakhand</td>
</tr>
<tr>
<td>Uttar Pardesh</td>
<td>Uttar Pardesh</td>
</tr>
<tr>
<td>Bihar</td>
<td>Sikkim</td>
</tr>
<tr>
<td>Nagaland</td>
<td>Assam</td>
</tr>
<tr>
<td>Mizoram</td>
<td>Jharkhand</td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>Odisha</td>
</tr>
<tr>
<td>Telangana</td>
<td>Andhra Pradesh</td>
</tr>
<tr>
<td>Andaman and Nicobar Islands</td>
<td>Telangana</td>
</tr>
</tbody>
</table>
5.1.1. PILLARWISE PARTICIPATION OF STATES

This was the second edition of the ranking exercise and the strengths of various states/UTs are reflected across different pillars of the ranking framework. The section captures the participation of states in every pillar. The table below further drills down into the number of Action Points for which each state attempted pillar-wise. A comparison across states reveals the responses received from each state this year for every pillar. This will set the basis to not just interpret scores independently but also based on the number of action points against which the responses were received. This is important to differentiate between which states that need to be encouraged to ‘participate’ vs. those that require an ‘improvement’. A quick snapshot of number of action points attempted by each State/UT across all the seven pillars of ranking framework is presented below:

<table>
<thead>
<tr>
<th>State/UT</th>
<th>Pillar 1 (8) - Institutional Support</th>
<th>Pillar 2 (3) - Simplifying Regulations</th>
<th>Pillar 3 (6) - Easing Public Procurement</th>
<th>Pillar 4 (4) - Incubation Support</th>
<th>Pillar 5 (3) - Seed Funding Support</th>
<th>Pillar 6 (2) - Venture Funding Support</th>
<th>Pillar 7 (4) - Awareness and Outreach</th>
<th>Total Attempted</th>
</tr>
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<tbody>
<tr>
<td>Andaman &amp; Nicobar Islands</td>
<td>7</td>
<td>0</td>
<td>4</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>16</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>8</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>23</td>
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<td>3</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>27</td>
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<td>3</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>29</td>
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<tr>
<td>Chandigarh</td>
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<td>3</td>
<td>3</td>
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<td>6</td>
<td>3</td>
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<td>30</td>
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<td>6</td>
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<td>2</td>
<td>4</td>
<td>30</td>
</tr>
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<td>4</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>30</td>
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<td>4</td>
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<td>4</td>
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<td>Nagaland</td>
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<td>1</td>
<td>4</td>
<td>27</td>
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<tr>
<td>Rajasthan</td>
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<td>4</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>30</td>
</tr>
<tr>
<td>Sikkim</td>
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<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Tamil Nadu</td>
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<td>Telangana</td>
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<td>2</td>
<td>4</td>
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<td>3</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>30</td>
</tr>
<tr>
<td>Uttarakhand</td>
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<td>3</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>30</td>
</tr>
<tr>
<td>Mizoram</td>
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<td>0</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>4</td>
<td>15</td>
</tr>
</tbody>
</table>
5.2 CATEGORIZATION OF STATES/UTS

All the States/UTs have been grouped into five grading categories based on the percentile score ranges. A percentile score indicates how well a State or UT has performed in comparison to other States or UTs. A State's or UT's percentile rank range indicates that the State/UT scored as well as, or better than, the percent of States/UTs which participated in the ranking exercise. The States/UTs with similar percentile score range have been graded in a common group i.e. grading category. Accordingly, five percentile based grading categories are as follows:

**BEST PERFORMER:** 100 percentile

**TOP PERFORMERS:** More than 75 to less than 100 percentile

**LEADERS:** More than or equal to 30 to less than or equal to 75 percentile

**ASPIRING LEADERS:** More than 10 percentile and less than 30 percentile

**EMERGING STARTUP ECOSYSTEMS:** Less than or equal to 10 percentile
5.3 DESCRIPTION OF GRADING CATEGORIES

5.3.1 BEST PERFORMER
The ‘Best Performer’ category recognizes the State/UT which is ahead of all other States/UTs, overall in the ranking framework. The State/UT has also aced the ranking in the overall assessment and has undertaken novel measures to promote the Startup ecosystem. The performance by the ‘Best Performer’ State/UT also reflects the maturity of its Startup ecosystem thereby setting benchmark for other States/UTs.

5.3.2 TOP PERFORMERS
The ‘Top Performers’ category recognizes States/UTs which have displayed visionary leadership and took strategic initiatives to strengthen innovation and entrepreneurship ecosystem within their jurisdictions. These States/UTs have exhibited unwavering commitment to the growth of their startup ecosystems by taking dedicated and focused initiatives across all pillars of the State Startup ranking framework.

5.3.3 LEADERS
The ‘Leaders’ category recognizes the States/UTs which have set clear vision for their Startup initiatives and measurable goals for their Startup community. They are particularly impressive in outreach activities and connecting with upcoming entrepreneurs. The Leaders are building upon their good work to scale up their Startup initiative to progress to ‘Top Performers’ category.

5.3.4 ASPIRING LEADERS
The ‘Aspiring Leaders’ category recognizes the States/UTs which have exhibited a performance worth acknowledging in select pillars of the ranking framework and are at advance stages of implementation of their Startup policy objectives. They have well-established support structures for Startups and have been consistently refining the delivery and communication infrastructure to enable these Startups to compete at a global scale.

5.3.5 EMERGING STARTUP ECOSYSTEMS
The ‘Emerging Startup Ecosystems’ category acknowledges States/UTs which are rapidly scaling-up the Startup ecosystem knowledge curve. These States/UTs are in the process of strengthening the institutional mechanism to organize and scale their Startup Programmes to replicate the success stories from the leading States/UTs.
OVERVIEW OF PERFORMANCE OF STATES/UTs
## 5.4 Overview of Performance of States/UTs

### 5.4.1 Category-X

<table>
<thead>
<tr>
<th>Best Performer</th>
<th>Gujarat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Performers</td>
<td>Karnataka, Kerala</td>
</tr>
<tr>
<td>Leaders</td>
<td>Bihar, Maharashtra, Odisha, Rajasthan</td>
</tr>
<tr>
<td>Aspiring Leaders</td>
<td>Haryana, Jharkhand, Punjab, Telangana, Uttarakhand</td>
</tr>
<tr>
<td>Emerging Startup Ecosystems</td>
<td>Andhra Pradesh, Assam, Chhattisgarh, Delhi, Himachal Pradesh, Madhya Pradesh, Tamil Nadu, Uttar Pradesh</td>
</tr>
</tbody>
</table>

### 5.4.2 Category-Y

<table>
<thead>
<tr>
<th>Best Performer</th>
<th>Andaman and Nicobar Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Performers</td>
<td>___________________________</td>
</tr>
<tr>
<td>Leaders</td>
<td>Chandigarh</td>
</tr>
<tr>
<td>Aspiring Leaders</td>
<td>Nagaland</td>
</tr>
<tr>
<td>Emerging Startup Ecosystems</td>
<td>Mizoram, Sikkim</td>
</tr>
</tbody>
</table>
5.4.3 SNAPSHOT OF THE PERFORMANCE OF STATES/UTs

<table>
<thead>
<tr>
<th>CATEGORY-X</th>
<th>CATEGORY-Y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEST PERFORMER</strong></td>
<td><strong>BEST PERFORMER</strong></td>
</tr>
<tr>
<td><strong>TOP PERFORMERS</strong></td>
<td><strong>TOP PERFORMERS</strong></td>
</tr>
<tr>
<td><strong>LEADERS</strong></td>
<td><strong>LEADERS</strong></td>
</tr>
<tr>
<td><strong>ASPIRING LEADERS</strong></td>
<td><strong>ASPIRING LEADERS</strong></td>
</tr>
<tr>
<td><strong>EMERGING STARTUP ECOSYSTEM</strong></td>
<td><strong>EMERGING STARTUP ECOSYSTEM</strong></td>
</tr>
</tbody>
</table>

- **Uttarakhand**
- **Uttar Pradesh**
- **Bihar**
- **Sikkim**
- **Assam**
- **Nagaland**
- **Mizoram**
- **Jharkhand**
- **Chhattisgarh**
- **Odisha**
- **Telangana**
- **Andhra Pradesh**
- **Andaman and Nicobar Islands**
- **Tamil Nadu**
- **Karnataka**
- **Kerala**
- **Maharashtra**
- **Rajasthan**
- **Madhya Pradesh**
- **Punjab**
- **Haryana**
- **Chandigarh**
- **Haryana**
- **Delhi**
- **Himachal Pradesh**
- **Andaman and Nicobar Islands**
- **Himachal Pradesh**
- **Uttarakhand**
- **Uttar Pradesh**
06
PILLAR – WISE PERFORMANCE OF STATES
INTRODUCTION

Institutional support envisages provisions and execution of the state’s startup policy. It focuses on establishing a nodal department for addressing queries related to startups, building an online implementation system for offering single-window solutions, and expanding the network of mentors and partners for offering guidance to state-registered startups. The states are evaluated based on the laid provisions along with parameters of offering benefits such as intellectual property rights establishing partnerships with institutions, providing special incentives for women-led startups and entrepreneurship.

This pillar has eight action points. Six of these consist of a feedback component whereas two are based on documentary evidence solely. The total score for this pillar is 24 out of which the feedback component accounts for a score of 16.

This section covers national performance in each pillar and every action point. Further, it covers the leaders in each pillar followed by some selected good practices followed by leader states of that pillar. The analysis compares national average with the best scores achieved by states. Further, it analyses the distribution of the states across different score ranges.
Based on the assessment, the national average score stands at 3.5 for category X states & UTs and 1.2 for category Y states & UTs. It reflects that majority of the states & UTs need to take drastic steps to scale up institutional support on each of the above action points. State governments need to be consistent in their efforts to provide institutional support using state infrastructure and the policy framework.

Percentile wise performance assessment of the states shows that the majority of the states are in the range of 0 to 25% (as shown in the figure on the right). The national average score is also low owing to the low performance of majority states. Category Y states may focus on taking up more initiatives under this pillar to support startups of their respective states.
The following points reflect the national performance, categorised by highlighting the score in specific action points:

**STARTUP POLICY**

*MAXIMUM SCORE –3*

Startup policies help the states define the objective, frame guidelines, and enlist infrastructural and funding support plans. Before 2016, only four states had dedicated policies for startups. However, as a direct impact of the previous ranking exercise, there is an exponential rise in the number of states who now have a dedicated startup policy. Out of the participating states/UTs, there are 21 states/UTs with a dedicated policy. Among them 17 states and 1 union territory have a startup policy that is sector agnostic and is available in the public domain. Furthermore, the startup policy of 17 states have clear guidelines on the registration process for startups and process for availing benefits offered by the state.

**NODAL DEPARTMENT, OFFICER AND TEAM**

*MAXIMUM SCORE –1*

23 states have a dedicated nodal officer with the specific responsibility of overseeing the development of startups. The nodal officer is nominated by the state government. Also, 23 states have a dedicated team for startups. These teams comprise a minimum of three members with each having at least five years of experience in areas such as entrepreneurship, incubation management, management consulting, teaching, banking, public sector, etc. The team help resolve the grievances of the startup.

**ONLINE IMPLEMENTATION SYSTEM**

*MAXIMUM SCORE –4*

Although a majority of the states have dedicated online portal for startups, only 10 of these states/UTs have a full-fledged online implementation system that allows startups to register, track the status of their applications, download certificates for registration and submit queries. Further, these states have also set up a dedicated helpdesk for startups and the details of the same are published on their startup portals. The portals have a list of incubators and mentors operating in the state and are equipped with a dashboard demonstrating the current status of the startup ecosystem.

**MENTOR NETWORK**

*MAXIMUM SCORE –2*

19 states have a dedicated mechanism in place to connect mentors with startups. Collectively, these states have a pool of approximately 2000 registered mentors available for startups and entrepreneurs. The mentors are registered on the state’s startup portal and startups can connect with them using the same portal. The mentors have rich experience in fields such as entrepreneurship, academics, finance, technology, business management, etc. and offer reliable guidance to the startup in states.
INTELLECTUAL PROPERTY (IP) SUPPORT

**MAXIMUM SCORE -1**

12 states have provided intellectual property support to startups and entrepreneurs in the form of subsidies, fee waivers, reimbursement of costs incurred while filing for patents/trademarks and through the establishment of intellectual property support centers. These centers provide services on IP Protection, IP Awareness & Training, Counselling & Advisory Services.

PARTNERSHIPS

**MAXIMUM SCORE -2**

14 state governments have established cohesive partnerships with educational institutions and business entities to foster the growth of their respective startup ecosystems. The business entities include both Indian and international companies as well as public sector undertakings. In the short-term period, partners can provide mentoring, financial and training support whereas, in the long-term, they can offer infrastructural support to startups.

WOMEN ENTREPRENEURSHIP

**MAXIMUM SCORE -6**

19 states offer special incentives to encourage women entrepreneurs to establish business ventures. Incentives are provided in the form of monthly allowance, reservation of seats in incubators, mentorship, and product development assistance, reimbursement of travel and marketing costs, seed funding, etc.

SUPPORT FROM VARIOUS STATE-LEVEL DEPARTMENTS

**MAXIMUM SCORE -5**

17 states and 1 union territory have various state departments (other than the nodal agency) offering support in the form of sustainable programmes such as incubation subsidy, seed funding, and venture funding, etc. Support from other state departments can complement the overall state efforts of augmenting the state startup ecosystems, especially in offering procurement preferences.
Overall several states have made progress in terms of having a dedicated startup policy and online portals for startups. Many states have also established mentor networks for startups, formed partnerships with various educational institutions and business entities to support the growth of startups, and developed schemes for intellectual property support. Additionally, there have been initiatives taken by many states to encourage entrepreneurship among women.

### 6.1.1 LEADERS OF INSTITUTIONAL SUPPORT

The following states have been recognised as the leaders of institutional support based on their scores for the aforementioned eight action points:

- Bihar
- Uttarakhand
- Punjab
- Haryana
- Rajasthan
- Gujarat
- Maharashtra
- Odisha
- Karnataka
- Kerala
6.1.2 BEST PRACTICES IMPLEMENTED BY LEADERS

ONLINE IMPLEMENTATION SYSTEM

Gujarat: The state government has created a highly interactive platform for startups (startupgujarat.in). The portal is loaded with a lot of features and is quite accessible in terms of availing incentives online.

- The startups can submit their application for registration by submitting all documents online. The status of the application is also reflected online in real-time and can be tracked accordingly.
- Once the startup is registered successfully, they are issued a registration certificate with a Unique Registration Number (URN)
- A robust startup helpdesk has been set up under the Gujarat Startup Cell at the Industries Commissionerate office to receive and resolve queries via phone, e-mail and through the online portal
- The details of incubators and mentors registered with the portal are displayed in the public domain
- The details of the policy implementation dashboard are displayed on Gujarat’s startup portal

MENTOR NETWORK ESTABLISHED

Kerala government: To build a sustainable startup ecosystem, the state government has put a mechanism in place to connect startups with mentors. The details of the mentors are accessible through the state’s startup portal. Through the portal, mentors can register themselves and subsequently communicate with startups and offer their guidance and support. The state also maintains a list of startups that have successfully connected with mentors. The state has connected 250+ startups with mentors during the assessment period.
**SUPPORT FROM VARIOUS DEPARTMENTS**

**Rajasthan:** The state’s startup ecosystem has been supported by multiple state government departments. These departments provide strengthened support to the state in terms of extending tax subsidies, investment subsidies, offering special provisions, awarding work orders, organising events, festivals & workshops for startups. Some of these departments are Department of Tourism, Rajasthan State Agriculture Marketing Board, Department of Industries, Centre for Electronic Governance, Urban Development and Housing Department, Department of Information Technology & Communication and Department of Environment.

**PARTNERSHIPS FOSTERING THE GROWTH OF THE STARTUP ECOSYSTEM**

**Kerala:** In the interest of the disruptive technologies sector and other emerging business models, the state government has established tie-ups with various technology solution providers such as Google Cloud, Amazon Web Services, Cleartax, Razorpay, Digital Ocean, etc. As a result of these tie-ups, the startups registered under KSUM can avail of the services of these technology companies at subsidised rates. Further, the state has also partnered with the national/ international agencies such as the University of Illinois, Airbus, Center National d’Etudes Spatiales (CNES), Future Group, OPPO, and Wadhwani Foundation for developing solutions in a host of areas.

**SUPPORT SYSTEM FOR WOMEN ENTREPRENEURS**

**Karnataka:** Government of Karnataka provides space for women entrepreneurs with tech-enabled enterprises. The government supports a business Incubator called Catalyst for Women Entrepreneurship (CWE). The incubator provides 20 seats and facilities for 12 months at the K-Tech Innovation Hub by ‘NASSCOM 10K Startup’ warehouse. The CWE platform provides mentoring and access to finance, markets, enabling technology, information, and trade networks to the selected entrepreneurs and enables them to attain success and profitability in their businesses. The policy highlights the following provisions for women entrepreneurs:

- Reserving 10% incubation space for women entrepreneurs
- Ensuring one-third representation of women entrepreneurs, students, and teachers, etc.
- Working of female employees in 3-shift operations with the availability of general permission to operate during night hours especially for women-led startups. This is subject to taking the prescribed precautions for the safety & security of women employees.
6.2 SIMPLIFYING REGULATIONS

INTRODUCTION

Simplification of regulations considers mandatory requisites for state level approvals and clearances for registering and operating a business or startup. The pillar encapsulates mechanism to identify regulatory issues faced by registered startups through an interactive online mechanism. The states are evaluated based on the support provided to startups by introducing a list of rules, regulations or Acts in the state including amendments in the Acts to create a conducive environment for the state’s startups, and a strong Business Compliance and Information Mechanism.

This pillar has three action points. Two of these consist of a feedback component whereas one is not based on feedback for evaluation. The total score for this pillar is 12 out of which the feedback component accounts for a score of 6.

THE PILLAR HAS THE FOLLOWING ACTION POINTS:

- Business Compliance Information System (BCIS)
- Invite or identify regulatory issues
- Amendments in rules, regulation or acts for supporting Business Compliance Information System (BCIS)

ANALYSIS OF SCORES

This pillar evaluates the regulatory environment for startups through three action points. The total score for this pillar is 12. Based on the assessment, the national average score stands at 1.6 out of 12. Despite the best score in this pillar being in double digits, a low national average score reflects the need for simplifying regulations for all the other states, especially for disruptive technologies and other emerging sectors. Category Y states may focus on taking up more initiatives under this pillar to support startups of their respective states.

Percentile wise performance assessment of the states shows that the majority of states are below average in this pillar with 17 states/UTs having scored in the range of 0-25% of the maximum marks. Only one state could cross the 75% marks milestone. To bring a major shift in numbers, state governments need to adopt a progressive approach towards bringing change in the compliance system by having regular consultation with industry stakeholders and creating single-window solutions on online portals.
The following points reflect the national performance, categorised by highlighting the score in specific action points:

**BUSINESS COMPLIANCE INFORMATION SYSTEM**  
*MAXIMUM SCORE -4*

17 States and 1 union territory have an interactive online business compliance information system in place. The online systems may be inclusive and supportive of disruptive technologies and other emerging business models.

**INVITE OR IDENTIFY REGULATORY ISSUES**  
*MAXIMUM SCORE -2*

7 states have an online mechanism in place to connect with startups from disruptive technology areas and understand their regulatory issues. Under this action point, states introduce a mechanism (workshop, meetings, event, mail connect) that allows Startups to present their idea, product, or service to the state government. The state governments detail out the process of drafting policies/regulations regarding the adoption of disruptive technologies/business models focusing upon stakeholder consultation and due timelines.

**AMENDMENT IN RULES, REGULATION OR ACTS FOR SUPPORTING STARTUPS**  
*MAXIMUM SCORE -6*

20 States/UTs have taken concrete measures to create a favourable regulatory environment for startups through amendments in industrial rules and regulations. Some of the measures implemented by the top states include:

- Self-certification scheme for startups to comply with labour laws in the state
- State pollution control board establishing an online application system for speedy disposals of consent applications received from industrial units
- Development of specific policies for startups from disruptive technology areas such as renewable energy and biotechnology
6.2.1 LEADERS OF SIMPLIFYING REGULATIONS

The following states have been recognised as the leaders of institutional support based on their scores for the aforementioned three action points:

- Bihar
- Uttarakhand
- Punjab
- Rajasthan
- Gujarat
- Maharashtra
- Odisha
- Telangana
- Karnataka
- Kerala

A majority of the states that participated in this ranking exercise have made a strong effort to establish a favourable regulatory environment for startups by having an interactive business compliance system in place for all State level clearances and approvals. These states have also taken special regulatory measures to promote the growth of disruptive startups. States have constituted sector-specific regulatory committees, set up self-certification schemes and made amendments to state policies.
Odisha: The state government of Odisha has simplified the approvals and clearances process for startups with the help of an online portal (investodisha.gov.in). The portal has an interactive mechanism in a place called GO SWIFT (Single Window Clearance Portal)

- Grievances are placed before a committee comprising of director of industries, OSIC (Odisha Small Industries Corporation), and DEPM (Directorate of Export Promotion and Marketing). CEO, IED (Institute of Entrepreneurship Development) acts as member convener
- A representative of the concerned department to which the grievance relates to is invited as a special invitee
- The state has designated the CEO of IED as the main officer to liaise with the concerned government departments for final resolution of the grievances in a time-bound manner

Alternatively, as part of its offline mechanism, the startups may approach the Additional Chief Secretary, MSME Department or CEO, IED at Startup Secretariat to get their issues resolved.

Karnataka: To solve the challenges faced by the state startups in terms of regulatory compliances, the government has laid out a process for the drafting of policies for startups which would help to identify issues through stakeholder consultation. The process to draft a policy that has been defined by the state government is as follows:

- **Technology Selection & Prioritisation:** The Karnataka Innovation Authority and Startup Cell Department would identify the technologies that it intends to prioritise every year for support & promotion.
- **Consultations:** The department intends to hold recurring consultations with industry associations, academia, startups, and other relevant stakeholders to identify and draft regulations that should be introduced considering the long-term impact of specific technology/ business model.
- **Technology specific frameworks:** Post consultations, review, and feedback from various groups on the prioritised technologies and corresponding regulations, the department identifies the action required for every specific technology or sub-technology.
6.2.2 BEST PRACTICES IMPLEMENTED BY LEADERS

AMENDMENTS IN RULES AND REGULATIONS

Odisha: Keeping in the view the specific requirements of the state startup ecosystem, the government of Odisha has carried out various amendments in rules and regulations to promote the growth of startups and create a favourable regulatory environment. The major amendments and policies are:

- Odisha youth innovation fund has been proposed in the Odisha State Youth Policy (OSYP) 2013 for promoting innovative entrepreneurship among the youth/startups of the State
- In 2018, the state introduced a self-certification scheme for startups according to which startups can self-certify compliance with the provisions of the following labour laws implemented by the state government
  - The Building and Other Construction Workers Act
  - The Inter-State Migrant Workmen Act
  - The Payment of Gratuity Act
  - The Contract Labour Act
- Aerospace Defence Manufacturing Policy 2018
  - The policy provides incentives and exemptions in conjunction with any other applicable existing policy of the state government and Government of India. Any Aerospace & Defence manufacturing unit may choose to avail an incentive either from this policy or from any other policy of the state, but not both
- Biotechnology Policy 2018
  - The Policy provides fiscal & non-fiscal incentives, marketing assistance for the development of the sector
- Odisha State Film Policy 2016
  - The key objectives of this policy are to promote Odia films and make Odisha as a destination for film shooting
  - The policy facilitates the development of manufacturing units and Research & Development in the RE sector
6.3 EASING PUBLIC PROCUREMENT

INTRODUCTION
Ease in public procurement simplifies criteria to ensure participation of startups in government tenders. The states are evaluated based on the support provided to startups in resolving issues related to state public procurement as norms of Earnest Money Deposit (EMD), exemption in prior experience, and prior turnover which prove to be barriers for participating startups. Easing of such norms enable startups and entrepreneurs to avail exemptions and share an equal platform with established organisations.

This pillar has six action points. Five of these consist of a feedback component whereas one is based on Documentary Evidence. Total score for this pillar is 14 out of which the feedback component accounts for a score of 6.

THE PILLAR HAS THE FOLLOWING ACTION POINTS:

- Relaxation in ‘prior experience’ criteria
- Relaxation in ‘prior turnover’ criteria
- Relaxation in ‘submission of EMD’ criteria
- Preference in public procurement
- Number of startups awarded work orders
- Grievance redressal mechanism

ANALYSIS OF SCORES
The national average score for this pillar is 1.4 for category X and 0.6 for category Y states/UT. A significant number of the state governments need to adapt to new channels for offering procurement relaxations to startups and encourage the government departments to give preference and provide a level playing field to startups during procurement of products & services.
Overall, performance of a majority of states is below average in this pillar as 14 states have scored between 0- 25% of the maximum marks. However, it is encouraging to see a leading state cross the milestone of 75% marks. The other states can emulate the good practices from the leading state for supporting the startup ecosystem. The state governments can create an advantageous opportunity by easing procurement rules for startups in the disruptive technology sectors. To start with, the state governments can offer procurement work orders of the departments which are a part of the state government. State governments need to come up with procurement targeted policies and specific action plans for easing the business environment. Category Y states may focus on taking up more initiatives under this pillar to support startups of their respective states and UTs.

The following points reflect the national performance, categorised by highlighting the score in specific action points:

**RELAXATION IN ‘PRIOR EXPERIENCE’**
*(MAXIMUM SCORE -1)*

**AND ‘PRIOR TURNOVER’ CRITERIA**
*(MAXIMUM SCORE -1)*

6 states and 1 union territory have given a 100% relaxation to startups in public procurement tenders for the criteria related to prior experience. Furthermore, only 5 states and 1 union territory provide 100% relaxations for the criteria related to prior turnover. This clearly reflects that a vast majority of the states in India still do not give any special incentives to startups to participate in public procurement activities. Such constraints in public tenders limits the participation of startups since these companies rarely have more than a few years of industry experience and tend to be in highly competitive markets where maintaining a specific top line can be challenging.

**RELAXATION IN ‘SUBMISSION OF EMD’ CRITERIA**
*(MAXIMUM SCORE -1)*

The central government amended rule 170 (i) of the General Finance Rules in July 2017 as per which micro, small and medium enterprises (MSME) and startups recognised by the department of industrial policy and promotion (DIPP) are exempt from submitting any earnest money deposit (EMD) to participate in public procurement tenders. 6 states and 1 union territory have implemented such a rule to exempt startups from submitting EMDs.

**PREFERENCE IN PUBLIC PROCUREMENT**
*(MAXIMUM SCORE -1)*

17 states have provided preference to startups for public procurement activities. Most of them have done so by modifying their purchase policies to state that state level departments and public sector companies must procure a certain minimum percentage of the total value of goods and services from startups.
**NUMBER OF STARTUPS AWARDED WORK ORDERS**

(Maximum Score -8)

15 states awarded at least one work order to startups to encourage them to participate in public procurement activities. The states collectively offered an amount of INR 21.7 crore of work orders. The impact created by this action point alone will reverberate across startup ecosystems and will encourage other entrepreneurs to partake in the startup ecosystem in the state. Additionally, assuring work order support from state government may ensure funding support from angel investors.

**GRIEVANCE REDRESSAL MECHANISM**

(Maximum Score -2)

9 states have an online mechanism in place to resolve the grievances of startups related to public procurement. But the grievance redressal mechanism is time bound for only eleven of these states. Also, 16 states have a dedicated officer to resolve the grievances of startups.
Only few of the states that participated in this ranking exercise have made an effort to encourage startups to participate in public procurement activities by relaxing the criteria for prior turnover, prior experience and submission of EMD. However, nearly 70% of the states have taken specific measures to provide preference to startups for public procurement activities. This is one of the pillars where the state governments can reap immediate benefits of creating a sustainable ecosystem. Procurement preference will not only compel new startups to come up with innovative solutions products and services, but also help existing startups to scale up their operations.

6.3.1 BEST PRACTICES IMPLEMENTED BY LEADERS

The following states have been recognised as the leaders in encouraging participation of startups in public procurement activities based on their scores for the seven action points:
Karnataka: ‘ELEVATE, 2019’ is a unique concept initiated by the Government of Karnataka to promote entrepreneurship through innovation by declaring grants for startups. As part of the programme, the government provides a comprehensive entrepreneurship platform that includes idea validation, funding and space, among others to attain relevant work orders.

- Under ‘ELEVATE, 2019’, the state government has awarded a total of INR 49 lakh which is an open call to startups in the state. Startup Cell analysed and nominated startups from among the Elevate winners for product offering/value proposition with state departments/PSU/Local bodies.
- Startups, selected by the Idea2PoC Evaluation Committee for awarding work orders and working with government departments/PSUs/local bodies, were provided a work order of up to INR 1 lakh from Karnataka Innovation and Technology Society (KITS) for supply of their product offering/value proposition in addition to the Elevate grant money.

Gujarat: The state has developed a robust online mechanism for receiving grievances and provide resolutions on matters related to public procurement. Startups can raise grievances on the state’s startup portal and communication of resolution of the grievances is undertaken through the same portal. For each grievance submitted, a timeline is specified for the resolution. The Commissioner of Industries and Coordinator – Startup Cell Gujarat has been appointed as a dedicated officer for resolving grievances.
PREFERENCE GIVEN TO STARTUPS IN PUBLIC PROCUREMENT ACTIVITIES

Odisha: The state has made necessary relaxations in terms of experience, turnover and submission of earnest money deposits in order to encourage startups to participate in public procurement.

- As per a notification released in March 2018, the MSME Department in Odisha started exempting startups registered under 'Startup Odisha' and 'Startup India' from the prior experience and prior turnover criteria.
- Additionally, participating startups are not required to submit any earnest money deposit.
- Furthermore, the MSME Department mandates that 20% of total procurement for any state department/public sector company in Odisha must be from a startup. As part of this initiative, the state has awarded 15 work orders to 10 unique startups in Odisha.

6.4 INCUBATION SUPPORT

INTRODUCTION

Incubation support is an integral element of the startup ecosystem. Incubators support entrepreneurs to grow their businesses and assist new startups by offering them support in terms of mentorship, funding, industry network and infrastructure. In order to promote startups, the state governments collaborate with organisations, corporates or industry associates to establish incubators to support startups expenditure by providing either capital or operational expenditure. The evaluation of the pillar is based on state governments setting up incubators to release funds to the startups, thereby creating a unique mechanism to provide subsidised incubation. It also included operation of acceleration programmes in partnership with the industry.
THE PILLAR HAS THE FOLLOWING ACTION POINTS:

- Setting up of new and upgrading existing incubators
- Number of Seats
- Subsidised incubation
- Acceleration Programme

ANALYSIS OF SCORES

This pillar evaluates the level of incubation support available in the state through four action points. The total score for this pillar is 23 which is entirely feedback based. The national average score for this pillar is 1.5. The best performer leads the ranking with 19 marks. Some of the best performing states have partnered with educational institutions and private players to overcome the infrastructural challenges of establishing incubation centres all across their respective districts.

Overall, it is observed that performance of the states has been below average because 18 of the participating states have scored more than 0–25% of the maximum marks; one has scored between 25%–50% while another is an outlier with score crossing the 75% milestone. Hence, the national average score is observed to be low.
The following points reflect the national performance, categorised by highlighting the score in specific action points:

**SETTING UP OF NEW AND UPGRADING INCUBATORS**

*(MAXIMUM SCORE -12)*

22 states support incubators through various means such as grants to meet capital expenditures, financial assistance in procurement of resources (add) such as lab equipment, machinery, honorarium to mentors, conduct programmes/workshops for startups, mentorship assistance etc. Some states offer a performance capital grant to incubators for each successful startup they incubate. The incubators in these states are established in educational institutions and business entities.

**NUMBER OF SEATS**

*(MAXIMUM SCORE -3)*

18 states and 2 union territories have operational incubators that offer seats to startups at subsided rates or free of cost. This helps entrepreneurs in reducing the operational cost linked to setting up a startup.

**SUBSIDIZED INCUBATION**

*(MAXIMUM SCORE -4)*

19 states and 3 union territories have a mechanism in place to assist startups with subsidised incubation. The subsidies are offered in the form of sustenance allowance to pay the incubation fees to the nodal institute. Another way to offer assistance has been through mandates that direct state supported universities/educational institutions to offer incubation support at no cost to startups.

**ACCELERATION PROGRAMMES**

*(MAXIMUM SCORE -4)*

Acceleration programmes are organized for startups with an MVP (Minimum Viable Product) to provide them with expert mentorship, pilot opportunities, connect them to industry and potential investors. Overall, 8 states conducted acceleration programmes out of which only 4 conducted programmes in association with industrial organisations. One of the best practices to conduct acceleration programmes is through incubators who identify startups in a particular sector or stage, that would benefit from the acceleration programme and provide them with the relevant support.
The following states have been recognised as the leaders of incubation support based on their scores for the four action points:

- Jharkhand
- Haryana
- Gujarat
- Odisha
- Tamil Nadu
- Karnataka
- Kerala
Gujarat: The state is strongly focused on initiating startup incubators as centers for developing entrepreneurial skills amongst the youth. The state has strong mechanisms in place to assist in setting up of new incubators and upgradation of existing incubators by offering financial grants or reimbursements on capital expenditure which can be utilized for development of incubation area and/or operational expenditure.

The key policies to support the growth of incubators are:

- Startup and Innovation Policy 2015 by Industries & Mines Department
- IT & ITeS & Electronic Startups Policy 2016 by Department of Science & Technology
- Student Startup & Innovation Policy 2017 (SSIP) by Education Department
- Biotech Mission Policy 2016 under Gujarat State Biotechnology Mission (GSBTM)

- Furthermore, an incubator in Gujarat has the option of obtaining incentives either under the startup policy of Industries and Mines Department or under the policy for IT and Electronics
- The support to incubators is in the form of financial grants and/or reimbursements on capital expenditure which can be utilized for development of incubation area and/or operational expenditure.
- Under the IT & ITeS & Electronic Startups Policy 2016, the state provides the following subsidies to incubators:
  - One-time capital assistance at the rate of 50% of Gross Fixed Capital Investment (subject to a ceiling of INR 50 lakh), excluding cost of land, for setting up an incubator
  - Mentoring assistance of INR 5 lakh per annum
  - A matching grant of 25% of the funds mobilised by them from non-governmental sources, subject to a ceiling of INR 1 crore per annum for meeting their operational expenses
  - The state supports procurement of key software required for development and testing purpose at the incubator associated with educational institutions or universities at the rate of 50% of the software cost subject to a ceiling of INR 1 crore

- Currently, the state supports 80+ incubators through support in capital and operational expenditure. Out of these, 30+ incubators have allocated 2000+ seats specifically for startups. This is the highest allocation of seats among the participating states, other states and union territories can plan similar incubation capacity in their region.
ACCELERATION PROGRAMMES

Karnataka: The section under the Startup Policy – ‘Creating Incubation Infrastructure through PPP’ provides a provision to offer seats to startups at subsidized rates in Incubators and Accelerators setup in ‘Public Private Partnership’. It recommends charging INR 3,000/seat monthly, limited to 5 seats per incubatee. The list of incubators that offer subsidized seats are as below:

<table>
<thead>
<tr>
<th>Incubation Centre</th>
<th>Number of startups provided subsidised incubation</th>
<th>Subsidy offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-tech Innovation Hub, Startup Warehouse</td>
<td>100+</td>
<td>Subsidised Incubation rate of INR 4000 (+GST) and INR 2000 (+GST) for women entrepreneurs</td>
</tr>
<tr>
<td>K-tech Innovation Hub by Bangalore Bio-innovation Centre</td>
<td>45+</td>
<td>Subsidised incubation rate of INR 110 per sq.ft. and NIL for women entrepreneurs</td>
</tr>
<tr>
<td>K-tech Innovation Hub, Mobile10x</td>
<td>20+</td>
<td>Subsidised incubation rate of INR 5000 per seat</td>
</tr>
</tbody>
</table>

Gujarat: The government has conducted various acceleration programmes in association with industry players through organisations such as iCreate (International Centre for Entrepreneurship and Technology). Ahmedabad-based iCreate is an autonomous technology business incubation centre that identifies and nurtures aspiring entrepreneurs. The support provided to startups under acceleration programmes by iCreate involves access to iCreate labs, office space, mentors, market access as well as seed capital for projects incubated.

- iCreate aims to “solve different developmental needs of India”. The centre is working with entrepreneurs, technology enthusiasts, and innovators in the Internet of Things (IoT), machine learning (ML), and artificial intelligence (AI) sectors.
- Currently, iCreate is running iELT Accelerator Programme, which is a two-and-a-half-week programme focused on very early stage startups and innovators to quickly understand whether their innovation can become a successful business. Selected participants would be guided through a series of steps that include intense classroom sessions, real customer feedback and one to one mentoring. This will enable them to validate whether their idea is feasible and improve their chance of success.

THE FUTURE FOR START-UPS IN INDIA

STATES’ STARTUP RANKING 2019
Kerala: The state has initiated various acceleration programmes to provide startups with the opportunity to connect with investors and obtain funding support:

- **The K Accelerator Programme:** The programme is for three-months, designed to help startups obtain market validation for products, meet with relevant customers and industry leaders, and connect with potential investors. The state has collaborated with Zone Startups India to roll out this programme.

- **XR Accelerator Programme:** The programme has established a Center of Excellence (CoE) to provide immersive technology solutions for academics (school and university education), skill development, vocational training, and enterprise applications for industries such as defence, tourism, retail, construction and engineering. The XR Accelerator Programme is a joint venture between Unity Technologies Center of Excellence and the Future Technologies lab of the Kerala Startup Mission. The programme has been designed to support development in the field of augmented reality and gaming.

- **Brinc Accelerator:** The accelerator programme is a three-month programme focused on computer hardware and internet of things. The programme provides support to mid stage startups that have a working prototype in place and are ready to move to design phase for manufacturing.

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### 6.5 SEED FUNDING SUPPORT

**INTRODUCTION**

In an evolving Startup ecosystem, many ideas are born and the initial seed support works as a catalyst to transform these ideas into businesses of tomorrow. This initial funding support at the nascent stage of a startup can decide whether the idea will see light of the day or not. Seed funding can be in the form of a direct grant, subsidised loan, product development and marketing financial assistance, monthly sustenance allowance or even equity seed funding. With seed funding, the evaluation is based on the states’ endeavour to help a business grow and generate its own capital by establishing a guideline document. The states need to ensure that startups scale with the right velocity in order to achieve leading positions, through state investment.

This pillar consists of three action points. The total score for this pillar is 11 and it is entirely feedback based.
A comparison between states shows that 85% of the participating states have scored only between 0–25% of the maximum marks. The two main reasons that drive down the national average score to a low of 0.9 is that five states have not participated and that majority of the states scored very low. One state has scored between 25–50% of maximum marks and two have scored between 75–100% of the maximum marks. Category Y states may focus on taking up more initiatives under this pillar to support startups of their respective States/UTs.

The national average score for this pillar is 0.9 and the maximum achieved by any state is 7.1. This implies that the states on an average needs to work hard towards this pillar in order to promote an environment wherein startups get funded. For this to happen, the states need to design a framework to provide seed funding through guidelines as a part of the policy or independently.

The following points reflect the national performance, categorised by highlighting the score in specific action points:

**SEED FUNDING GUIDELINES**

*Maximum Score -2*

16 states have clearly defined guidelines for availing seed funding which defines the eligibility criteria, extent of seed funding and application procedure. Amongst them, six states provide this seed funding in the form of government grants or equity seed funding, while the remaining 10 states provide it in the form of reimbursements on expenses such as product development, marketing and monthly sustenance allowance.

**ONLINE SYSTEM FOR SEED FUNDING**

*Maximum Score -2*

13 states have an interactive portal for startups which allows them to sign up and submit their proposal for availing seed funding. Amongst them, only ten states allow an online tracking of application and nine have an online application approval system. In today’s technology driven world, there is immense scope of improvement in states embracing online systems for seed funding.

**SEED FUNDING BENEFICIARIES**

*Maximum Score -7*

18 states have provided seed funding to more than 1300 startups. In the top performing state, 30% of all the beneficiaries i.e more than 400 beneficiaries have availed this support. The top two performing states have benefited more than 40% of the total beneficiaries. The remaining states must undertake efforts to improve access to seed funding for startups.
A total of 19 states had participated towards this pillar, out of which 16 were considered for marking. Overall, the framework is available in 75% of the states that should focus on implementation of seed funding for startups. The remaining states should initiate seed funding support by creating a framework/guideline for availing such seed funding. These states may take ideas from guidelines released by demographically similar states as outcome expectation from the startups would be similar.

### 6.5.1 LEADERS IN SEED FUNDING SUPPORT

The following states have been recognised as the leaders in encouraging participation of startups in providing Seed Funding Support based on their scores for the three action points:
CREATION OF A SCHEME AND A FUND TO SUPPORT SEED FUNDING OF STARTUPS

Seed Funding Guidelines: The government of Maharashtra has constituted the ‘Hirkani Maharashtrachi’ scheme and the ‘Fintech Corpus Fund’ which have defined the eligibility, application process and extent of funding support available for startups in the state. The Hirkani Maharashtrachi scheme has been implemented in 20+ districts across the state with a total budget of INR 25.19 crore per annum and more than 5,000 self-help groups (SHGs) have benefited from this initiative. Thus, the state has provided tremendous seed support assistance for startups present in the incubator to incubate innovative technological ideas and enabled them to graduate to successful commercialisation.

INTERACTIVE ONLINE MECHANISM FOR SEED FUNDING

Kerala: The state has introduced a seed support scheme to provide financial assistance to startups in order to foster the formation and development of innovative, technology-based business enterprises. The scheme’s support would generally cater to prototype/ MVP stage financing for commercialisation of the indigenous ideas, innovations and technologies. Preference is given to startups with the Department for Promotion of Industry and Internal Trade startup certification. The extent of funding under this scheme is upto INR 15 lakh. The startup is examined before placing the matter up to the seed support expert committee for selection. The state’s startup portal has a well-defined online system for startups to apply for seed funding. Entrepreneurs can create a login on the portal and can apply and track the status of their seed funding applications in real time and obtain all necessary approvals for the same.
NUMBER OF SEED FUNDING BENEFICIARIES

Gujarat: The state has provided 43 startups with sustenance allowance and seed funding, 37 startups with marketing allowance and, funding to 14 startups under techno fund. The funding for startups that provided marketing allowance was maximum amongst all categories with most startups receiving between INR 5 lakh to INR 10 lakh.

6.6 VENTURE FUNDING SUPPORT

INTRODUCTION

Venture capital/ funding support is provided to the startups from state supported funds. The states are evaluated based on the establishment of the Fund of Funds (FoF) with approved operating guidelines and signing a memorandum of understanding (MoU) with the fund manager along with a concrete budget allocation. Venture funding provides strong growth potential to startups wherein the fund is used for the all-round development of startups and to levitate the startup ecosystem of the states.

This pillar evaluates the level of venture funding support available in the state through four action points. The total score for this pillar is 8 out which score of 6 is feedback based whereas score of 2 is not based on feedback.

ANALYSIS OF SCORES

While the national score for this pillar is 0.9 which is only 11.25%, the best score is 75% of the total score. Therefore, on an average, states can draw inspiration from the best performing state in order to build better venture funding support through partnerships with the state and/or taking ideas from guidelines laid by the best performing states.
As evident through a comparison, it can be seen that 75% of the participating states have scored between 0-25% of the maximum score which is less than 1.5 out of 8. This score is a maximum of 18.75% of the total marks - an extremely low score. Only 10% of the states have scored between 75-100% of the maximum score. Therefore, there is immense scope of improvement for almost all states in this pillar. Category Y states may focus on taking up more initiatives under this pillar to support startups of their respective states.

The following points reflect the national performance, categorised by highlighting the score in specific action points:

### SUPPORT TO VENTURE FUNDS
**(MAXIMUM SCORE -2)**

Only 1 state has clearly defined operating guidelines for venture funds. Three states have signed MoUs with Fund Managers to manage the funds indicating the possibility of disbursement of venture funds in all these states. Some states are in the process of drafting the operating guidelines. There is a need for states to take inspiration from neighbouring states in the drafting of the guidelines and identifying suitable fund managers. Further, the states could consider working in partnership with other states that could serve as mentor states.

### STARTUPS FUNDED FROM VENTURE FUNDS
**(MAXIMUM SCORE -6)**

A total of 218 startups have been funded in 10 states. It can be observed that states which do not have operational guidelines for venture funds have also supported startups through venture funding. Such states are encouraged to have a formal guideline for operations of these venture funds.
218 startups have been funded in 10 states through venture funding support. Only 10% of the states among participating states have a clear operating guideline for the venture funds and 33% have signed MoUs with Fund Managers. There is scope of improvement in that respect for the states that have established venture funds. Further, all other states must step up to creating a framework to support venture funding.

6.6.1 LEADERS IN VENTURE FUNDING SUPPORT

The following states have been recognised as the leaders of venture funding support based on their scores for the two action points:
**Gujarat: GVFL Startup Fund** setup in 1990 has raised eight more venture capital funds which have supported over 91 companies. The fund focuses on highly scalable innovative business models across sectors which use technology as an enabler or differentiator and are backed by credible teams. The fund makes equity and quasi-equity investments in startups through a sector agnostic approach.

The GVFL startup fund has been extremely beneficial in driving investments in startups in Gujarat. The fund has a target corpus of INR 250 crore (including INR 50 crore green-shoe option). Government of Gujarat has intended to invest a total of INR 75 crore in the Fund. The investments are made in early growth stage startups with a potential for major growth within an investment horizon of 4–5 years. The investment from the fund is in the range of INR 2 crore to INR 20 crore in single or multiple rounds as per business needs. The median investment is in the range of INR 10 crore to INR 15 crore.
Kerala: The state has established clear operating guidelines for selection of Securities and Exchange Board of India (SEBI) accredited Alternative Investment Funds (AIFs). As part of the guidelines, the state invites proposals from SEBI registered AIFs, with the evaluation being undertaken in two stages i.e. technical and financial evaluation. The evaluation involves the following technical and financial parameters. Such well-defined parameters helps in inculcating a sound business approach of startups improving the quality of the startup idea before an investment is made.

<table>
<thead>
<tr>
<th>Technical Parameters</th>
<th>Financial Parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td>History, background, and experience of the AIF and its manager</td>
<td>Size of the investment committee</td>
</tr>
<tr>
<td>Ties to the Kerala startup ecosystem</td>
<td>Return on Investment</td>
</tr>
<tr>
<td>Investment culture and thesis as mentioned in the Private Placement Memorandum</td>
<td>Fee and Expenses</td>
</tr>
<tr>
<td>Tenure of the AIF and its current stage</td>
<td>Distribution Waterfall</td>
</tr>
<tr>
<td>Legal and Regulatory compliances of the AIF</td>
<td></td>
</tr>
</tbody>
</table>

6.7 AWARENESS AND OUTREACH

**INTRODUCTION**

It is the onus of state governments to spread awareness about provisions for startups in the state. The states are evaluated based on awareness created through workshops, national and international events including bootcamps and hackathons/ grand challenges. In order to promote startups, the state encourages participatory and inclusive processes for linking startups with angel investors and high net worth individuals. Maximum participation is encouraged for exchange of valuable knowledge amongst startups and pitching sessions for angel investments with widespread propagation.

This pillar evaluates the initiatives undertaken by states through four action points. The total score for this pillar is 8, three out of four action points are feedback based.
A comparison between states shows that 85% of the participating states have scored only between 0-25% of the maximum marks. The two main reasons that drive down the national average score to a low of 0.9 is that five states have not participated and that majority of the states scored very low. One state has scored between 25-50% of maximum marks and two have scored between 75-100% of the maximum marks. Category Y states may focus on taking up more initiatives under this pillar to support startups of their respective states.

The national average score for this pillar is 0.7. The best performer leads the ranking with four marks. Some of the best performing states have partnered with educational institutions and private players to introduce entrepreneurship at the grass-root level across districts and offer networking platforms for funding support.

The following points reflect the national performance, categorised by highlighting the score in specific action points:

**BOOTCAMPS**  
(MAXIMUM SCORE -2)

22 states conducted bootcamps or workshops in schools and universities to foster innovation among students. Overall, more than 260 bootcamps were conducted with support from state governments. Most of these bootcamps had more than 100 participants and lasted more than 8 hours.

**HACKATHONS OR GRAND CHALLENGES**  
(MAXIMUM SCORE -2)

19 states and 2 union territories have conducted hackathons/ grand challenges in various sectors. A single hackathon conducted through state support with complete details was eligible for securing full marks on this action point. Overall, 30 hackathons were conducted across the country with support from state governments.
ANGLER INVESTMENT WORKSHOPS
(MAXIMUM SCORE -2)

17 states have conducted angel investment workshops. The events were marked for the number of startups participated and for the number of angel investors attended, accordingly states were eligible for securing full marks on this action point.

NATIONAL OR INTERNATIONAL EVENTS
(MAXIMUM SCORE -2)

18 states and 2 union territories helped entrepreneurs participate in more than 130 national/ international events. The events support state registered startups to gain exposure on national and international forums, learn from global advancements in their respective sectors and provides networking opportunities.

Startup India has been working along with states to conduct entrepreneurship awareness and outreach events through the ‘Startup India Yatra’. However, the performance of some top performing states may be replicated by all the other states.
The following states have been recognised as the leaders in creating awareness and reaching out to startups for the four action points:

- Uttarakhand
- Himachal Pradesh
- Haryana
- Rajasthan
- Gujarat
- Maharashtra
- Odisha
- Andhra Pradesh
- Karnataka
- Kerala
6.7.2 BEST PRACTICES IMPLEMENTED BY LEADERS

ORGANISING HACKATHONS

**Gujarat:** The state has focused on its technology talent and conducted hackathons to put data to better use in a way to crowdsource business ideas and solutions to specific problems. 10+ hackathons were organised by the Higher & Technical Education Department in Gujarat benefitting more than 2500 participants, across various institutions and incubators. Some of these hackathons are:-

- Gujarat Industrial Hackathon, Auro University, Surat
- Gujarat Industrial Hackathon, BVM, Anand
- Gujarat Industrial Hackathon, ITRAM, Ahmedabad
- Gujarat Industrial Hackathon, Marwadi University, Rajkot
- Gujarat Industrial Hackathon, PDPU, Gandhinagar
- Student Open Innovation Challenge, iHub, Ahmedabad
- EarthXHack, iCreate, Ahmedabad
- CRIDA Youth Connect 2019
- Smart India Hackathon 2019
- Dewang Mehta IT Hackathon
- Biothon 2018
- Let's Hack 2019

E-STEP INITIATIVE FOR BOOTCAMPS

**Karnataka:** Under the E-Step initiative, various bootcamps and mentorship workshops are conducted by various industry partners, startup founders, policy makers, and technical experts to explain the basics of entrepreneurship to the students. Government of Karnataka conducted bootcamps for students of the New Age Incubation Network (NAIN) colleges under the startup policy of Karnataka. This was done to foster a sense of entrepreneurship among the students.

Under the first phase of E-Step, day long bootcamps were organised in 30 New Age Incubation Network Institutions across 19 out of 30 districts of the state. The bootcamps focused on the following aspects of entrepreneurship:-

- Trainings for technologies -- making the students more relevant to today’s ecosystem
- Explaining the challenges an entrepreneur undertakes
- Steps to take while pitching ideas to investors.

The total number of bootcamps that were conducted in the state were 30, out of which, 27 had participation of more than 100 students and were conducted for more than eight hours.
Kerala:

- **Startup investor education programme** called ‘**elevate for startups**’ in the field of computer hardware, robotics, healthcare and rural sectors. The main objective of the programme was to educate professionals from these sectors about startups and the relevant investment opportunities.

- **‘Investor café’** where startups looking for funds met with angel investors and venture capitalists to raise investments. More than 200 unique meetings were conducted between startups and investors over a period of six months.

- **‘Kerala Investor Summit’** in association with Kerala State Industrial Development Corporation (KSIDC) co-hosted by Let’s Venture in Kochi to bring together the high net worth network of Kerala and provide them opportunities to invest in some of the best startups from Kerala and other parts of India. The following funds were present –
  - Kae – Capital
  - Arali Ventures
  - SEA Fund
  - Astarc Ventures
  - Equanimity Investments
  - Startup Xseed Ventures LLP
  - WEH Ventures
  - Sprout Venture Partner
07

IMPACT OF RANKING EXERCISE
INTRODUCTION

The State/UT Startup Ranking Exercise, 2019, captures startup-related initiatives in the State and UT ecosystems across the country. The State Startup Ranking exercise compelled all the 25 participating states and UTs to adopt the best practices for supporting the startup ecosystem. While most of the states and union territories are progressing towards creating a conducive ecosystem for the growth of startups, few of the states have shown exemplary performance for some action points. This is the second edition of Ranking Exercise conducted by Startup India, DPIIT ranking exercise. This year there were 22 states & 3 UTs which were considered for the ranking exercise as compared to previous year’s 27 states & 3 UTs.

7.1 KEY HIGHLIGHTS OF THE RANKING EXERCISE

- A total of 29 states and UTs with startup policies are now in place, the most recent ones being Puducherry, Tripura, and Nagaland.
- 10 states offer an interactive portal to startups which include online registration and related activities.
- 260 bootcamps and 30 hackathons/grand challenges have been supported by state governments across 22 states/UTs.
- 19 states offer special incentives to startups founded/co-founded by women entrepreneurs and the support has been extended to 1200 women entrepreneurs.
- 23 states have a dedicated Nodal officer and a dedicated team for startups.
- 10 states provided venture funding support to startups.
- 19 states have a pool of approximately 2000 registered mentors available for startups and entrepreneurs.
- 14 states have established partnerships with more than 190 institutions or business enterprises for supporting startups.
- 22 states have set-up/ upgraded more than 300 incubators across the country, wherein more than 7200 seats have been allocated to startups.
- 19 states offer special incentives to startups founded/co-founded by women entrepreneurs and the support has been extended to 1200 women entrepreneurs.
18 states and 2 UTs have supported the participation of startups in more than 130 national and international events conducted across the world.

6 states and 1 UT have given a 100% relaxation to startups in public procurement tenders for the criteria related to prior experience. Furthermore, only 5 states and 1 union territory provide 100% relaxations for the criteria related to prior turnover.

18 states and 2 UTs have operational incubators that offer seats to startups at subsided rates or free of cost.

15 states awarded at least one work order to startups to encourage them to participate in public procurement activities. The states collectively offered an amount of INR 21.7 crore of work orders.

18 states have provided seed funding to more than 1300 startups. In the top performing state, 30% of all the beneficiaries i.e more than 400 beneficiaries have availed this support.
Global economies are driven by advances in disruptive technology areas such as Artificial Intelligence (AI), the Internet of Things (IoT), Nanotechnology, and Genomics. These advances affect every aspect of society which includes industrial strategies and competitiveness; labor market and the way the government functions. Furthermore, innovation is the key to every economy to grow and takes place in every layer of society. As per the Global Innovation Index 2016, India has improved its global ranking by 15 places. Honourable Prime Minister of India has declared 2010-20 as the decade of innovation to unleash the creative potential of every Indian.

As observed, policies can drive innovation in established industries and deepen the advantages of incumbent technologies and companies. As a result, it has become imperative to pursue changes in policy in conjunction with changes in technologies and business models. This ideology has led to many states in India taking initiatives to facilitate the growth of startups working in disruptive technology areas.

In order to facilitate this, some states have worked on sector-specific policies or have specified additional incentives for technology-drives startups. Such foundations play an important role in giving startups in disruptive sectors a direction and an additional push to quickly scale-up and create an impact.

Highlighted below are some states that are at the forefront of promoting startups in the disruptive sector

**BIHAR**

**BIHAR TAXI AGGREGATOR OPERATIONAL DIRECTIVES HELPED RAPIDO EXPAND TO 50+ CITIES**

Bihar Taxi Aggregator Operational Directives: The State Transport Department of Bihar has introduced the Bihar Taxi Aggregator Operational Directives to regulate and monitor private taxis in Bihar. The policy is specifically for application-based taxi service providers which makes it mandatory for the aggregators to procure licenses from authorities for three years. Additionally, it makes it compulsory for them to provide application-based services such as Global Positioning System (GPS) tracking, surveillance camera, emergency buttons in applications and provision of vehicle details to operate private taxis in the state. The policy also fixes the rates to be charged by the taxi provider, along with the records of the drivers. The policy has given a boost to specific local cab aggregators, such as Rapido, which has been continuously raising capital and expanding to more than 50 cities.

**MAHARASHTRA**

**THRUST SECTORS**

- ARTIFICIAL INTELLIGENCE
- ROBOTICS
- INTERNET OF THINGS
- NANOTECHNOLOGY
MAHARASHTRA (CONTINUED)

In 2018, Maharashtra became the first state in India to launch a dedicated policy for fintech startups. The Maharashtra Government has created the Fintech Hub to implement the Fintech Policy. The Fintech Hub aims to bring in ease in access to funding for startups. As per the policy, fintech startups are eligible for reimbursement of internet and electricity charges, reimbursement of expenditure incurred towards hosting infrastructure, reimbursement of state goods and services tax, and reimbursement of exhibition/global event participation fee. The total incentive available to every fintech startup has an annual cap of INR 10 lakh. Furthermore, the state is taking various initiatives to develop specific disruptive technology areas. The government of Maharashtra is working on redeveloping the treasury system of the state based on blockchain technology. The other initiatives taken by the Maharashtra Government are:

• Maharashtra Electric Vehicle (EV) Policy 2018: The policy was formed by the state government with a vision to place the state as a globally competitive location for electric vehicles and component manufacturing and maximise adoption of electric vehicles in Maharashtra. The key objectives of the policy are to:
  • Create new employment opportunities
  • Promote export of EVs, components, battery and charging equipment
  • Promote Research & Development (R&D), Innovation and Skill Development in the sector and promote sustainable development of the transport system

• Maharashtra Industrial Policy 2019: One of the key policy objectives is to incentivise investments in disruptive startups. The policy proposes steps to promote startups right from the college level and ensure coordination between government, industry, and academia. It is also proposed in the policy that startups in thrust sectors and emerging technologies such as Artificial Intelligence, Robotics, Internet of Things, Nanotechnology, etc. are to be provided with mentors from industry/business houses.

KARNATAKA

Karnataka has taken various steps for the development of disruptive technology areas such as big data. The state has proposed to set up an urban observatory in Bengaluru where data from all state-level departments will be collected and analysed to support urban development. The major objective is to use big data analytics to devise suitable policies in response to state-level concerns. Also, the state has envisioned the creation of an integrated command and control center in Bengaluru to host all the city’s government agencies at one location. The other initiatives taken by the state to promote the development of disruptive technology areas are:

• Karnataka Electric Vehicle & Energy Storage Policy 2017: First of its kind electric vehicle policy was issued by the state and aims to develop Bengaluru as the capital of India for electric vehicles. The key objective of the policy is to maintain the lead share of Karnataka as a preferred destination for attracting investments in the manufacturing of electric vehicles. Further, the policy aims to attract an investment of INR 310 billion and create about 55,000 jobs in the state.

• Karnataka Electronics System Design and Manufacturing Policy 2017–22: The policy is developed to provide the necessary impetus to take advantage of the dormant capabilities across various electronics markets, to make the local electronics system design and manufacturing sectors globally competitive. It is expected to give thrust to areas such as 3D Printing, Robotics, Internet of Things (IoT), Big Data, Artificial Intelligence (AI), Machine Learning, Stem Cell Research, etc.

• Karnataka Biotechnology Policy 2017–22: The policy encourages research and development in emerging technology areas, such as synthetic biology, diagnosis, and management of rare diseases, anti-microbial resistance, aqua-marine biotechnology, animal biotechnology, bio-manufacturing, etc. The policy also promotes the development of affordable medical devices.

• Karnataka Open Data Initiative (K-ODI): The government of Karnataka collects and generates a wide variety of data and information. There is a wide adaption of e-governance solutions in virtually every department of the government. K-ODI is an initiative to provide proactive and open access to the data generated through public funds by departments/organisations of government and to increase transparency, accountability, citizen engagement, collaboration, good governance, decision-making, and innovation. Under the Budget Speech of FY 2019–20, INR 5 crores have been earmarked for the K-ODI project. The open data platform contains the following modules:
  • Data Management System (DMS) which is to be added on the homepage of the website after approval of the data catalogue of various organisations
  • Content Management System (CMS) on the stage of Open Government Data, and performance of tasks and upgrades
  • Visitor Relationship Management (VRM) to codify the citizens’ response to dense aggregation
  • Community: Citizens to share their suggestions by enabling them to communicate with each other
KARNATAKA (CONTINUED)

- **Karnataka Animation, Visual Effects, Gaming and Comics Policy 2017–22:** Through this policy, the Government of Karnataka aims to foster development of the Animation, Visual effects, Gaming, and Comics (AVGC) industry and promote the state as a lucrative investment destination in the AVGC sector. The major objectives of the policy are:
  - Develop Karnataka into a leading global AVGC hub in terms of export revenues, projects acquired, and employment created
  - In addition to Bengaluru, develop at least one more tier-2 city in Karnataka as a hub and a preferred destination for the AVGC industry
  - Focus on skill development in the AVGC industry to create a pool of world-class designers, illustrators, animators, CG artists, technical directors, and game developers
  - Establish a Center of Excellence for Animation, Gaming and Visual Effects, an AVGC Finishing School, and a Digital Postproduction AVGC Lab to encourage AVGC startups
  - Encourage Karnataka AVGC companies to create Intellectual Property (IP) and foster the development of the local AVGC industry through the creation of infrastructure such as digital post-production AVGC labs with state-of-the-art hardware and software that companies can use on a pay-per-use basis

GUJARAT

The government of Gujarat has announced sector-specific policies for startups, specifically in disruptive sectors. Some of these policies are listed below:

- **Gujarat Biotechnology Policy:** The state has formulated a Biotechnology Policy to promote the biotechnology sector in the state and create entrepreneurial opportunities under the same. The policy also aims to encourage research and development of technologies in the field of biotechnology and thereby create a strong intellectual property driven technology base in the state. The incentives under the policy include incentives for biotechnology park, biotechnology units, and biotechnology incubators.
  - Biotechnology parks are provided capital subsidy and are eligible for reimbursement of stamp duty, registration fee and fee for conversion to non-Agriculture
  - Biotechnology units are eligible for a capital subsidy, interest subsidy, lease rental subsidy, and power tariff subsidy
  - Biotechnology incubators are eligible for capital and operating assistance, mentoring assistance, assistance for procurement of software, stamp duty and registration fee reimbursement and power tariff subsidy

- **Gujarat Science, Technology, and Innovation (STI) Policy:** The policy aims to incentivise startups to evolve solutions to complex issues of the public sector, which otherwise are difficult to implement in the public sector due to lack of adoption opportunities or presence of procedural challenges. A dedicated Innovation Fund has been created under the policy which will cater to the requirements of two schemes – one for supporting research and development and the other for pilot deployment and testing of technologies.

- **Gujarat Student Startup and Innovation Policy 2017:** The Student Startup & Innovation Policy of the Government of Gujarat aims to create an integrated, state-wide, university-based innovation ecosystem to support innovations and ideas of young students and provide a conducive environment for optimum harnessing of their creative pursuit. The policy proposes to offer pre-incubation support and take necessary measures to create and nurture student innovations.
The Government of Odisha has carried out various amendments in rules and regulations to promote the growth of disruptive startups. The major amendments and policies are:

- **Aerospace Defence Manufacturing Policy 2018**: The main objective of the policy is to attract investments in the Aerospace and Defence Manufacturing sector and create a strong ancillary ecosystem of manufacturers, suppliers, and vendors through a focused cluster-based approach. The policy provides incentives and exemptions in conjunction with any other applicable existing policy of the state government and Government of India. Any Aerospace & Defence manufacturing unit may choose to avail an incentive either from this policy or from any other policy of the state, but not both.

- **Biotechnology Policy 2018**: The Odisha Biotechnology Policy 2018 aims at prioritising the thrust areas for basic as well as applied research and technology development with the industry-academia-social interface. The policy provides fiscal & non-fiscal incentives, marketing assistance for the development of the sector.

- **Renewable Energy (RE) Policy 2016**: The Renewable Energy Policy 2016 aims to contribute to long term energy security of the state as well as ecological security by reduction in carbon emission and create skilled & semi-skilled manpower resources through promotion of technical and other related training facilities. The policy facilitates development of manufacturing units and Research & Development in the RE sector.

The Government of Telangana has taken various regulatory measures to promote the growth of disruptive startups. Some of the amendments/Acts in supporting disruptive startups are:

- **Innovation Policy 2016**: To help the startups by creating an environment that is truly conducive to innovation, experimentation, risk-taking, and entrepreneurship across all levels of society.

- **Blockchain Policy 2019**: To help startups by making Hyderabad as one of the top ten blockchain cities of the world. The policy offers the following incentives to startups working in the field of Blockchain technology:
  - Reimbursement of State Goods and Services Tax (SGST)
  - Reimbursement of travel and ticket costs
  - Research and Development grant
  - Reimbursement of costs incurred to file for patents
  - Reimbursement of internet charges

- **Telangana State Drone Policy**: The goal of this policy is to strike a balance between drone usage and regulations that ultimately increase economic activity due to the usage of drones. The policy strives to achieve this goal by providing an environment that encourages and supports the usage of drones for the greater public good and providing necessary resources for increasing the talent pool to address various roles arising out of drone usage. The policy is based on four pillars:
  - Develop talent pool
  - Support infrastructure
  - Promote research and innovation
  - Enable collaboration and build community
30 action points form part of the seven broad pillars to gauge a state’s startup ecosystem. The pillars are Institutional Support, Simplifying Regulations, Easing Public Procurement, Incubation Support, Seed Funding Support, Venture Funding Support and Awareness & Outreach. The action points serve as key metrics to evaluate the performance of states and UTs across the pillars.

The 30 action points are the key metrics for the seven pillars. They help bind the initiatives of the state governments from a regulatory and infrastructural perspective. The section below details initiatives undertaken under each AP in some of the states.

STARTUP POLICY

FROM PARTICIPATING STATES, THOSE THAT HAVE A DEDICATED STARTUP POLICY 21 STATES/UTs

01 | STARTUP POLICY

ODISHA

• The Odisha state government’s policy aims to make the state a top destination for startups. The state intends to offer fiscal & non-fiscal benefits, streamline rules & regulations as well as establish a robust governance structure. These are not features, they are objectives.
  − Develop a world-class “Startup Hub” in Odisha by 2020
  − Encourage incubators including sector-specific ones aligning with the state’s strengths and requirements
  − Create an enabling environment and supporting eco-system that facilitates at least 1,000 startups in the next five years
  − Take steps to provide skill-based training to encourage youth to delve deeper into the entrepreneurial landscape
  − Encourage all major companies operating out of Odisha to include skill and infrastructure development for startups as an integral component of their CSR activities
  − Create a strong institutional framework for effective implementation, monitoring, and evaluation of the policy

1000 STARTUPS 5 YEARS
01 | STARTUP POLICY

KARNATAKA

- The state government of Karnataka has an exhaustive startup policy that provides tangible benefits to startups. The policy is largely sector agnostic and the definition of a ‘startup’ is clearly defined. The policy envisaged that startup in the state should be technology-based; however, it was altered through an amendment and the revised definition of a startup is as illustrated below.
  - An entity working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation
  - The startup must not be registered for more than 10 years. The entity must be registered in Karnataka
  - The company should employ at least 50% of its total qualified workforce in Karnataka on a full-time basis.

KERALA

- The government of Kerala launched its startup policy – ‘Kerala Technology Startup Policy’ in 2014 with a vision to emerge as the number one destination in India for startups and be amongst the top five startup ecosystems in the world. The startup policy aims to create a world-class scientific and technology ecosystem that would empower and enable its youth to pursue their dreams within the state. The startup policy aims to achieve the following by the year 2020:
  - Attract INR 5,000 crore investments into the incubation and startup ecosystem
  - Provide INR 2,500 crore for youth entrepreneurship activities
  - Establish at least 10 technology business incubators in each of the different sectors of the state
  - Develop one million square feet of incubation space
  - Facilitate venture capital funding of at least INR 2,000 crore

RAJASTHAN

- To ignite the spirit of entrepreneurship and innovation for people in the state, and converting ideas into potential businesses, the state government, in 2015, outlined the ‘Rajasthan Startup Policy 2015’. The policy sets the tone for building and developing solutions for various unique challenges faced by the state such as water availability, arid land, agriculture, rural healthcare, food processing, and efficient food supply chains.
- Key objectives of the policy are to:
  - Establish 50 incubators/incubator-like organisations
  - Support and incubate 500 innovative startups
  - Develop/ facilitate 100,000 square feet of incubation space
  - Mobilise angel and venture capital of INR 500 crore for startups
  - Development of innovation and problem-solving culture across the state

INCUBATION ECOSYSTEM

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<td>STARTUP INCUBATORS</td>
<td>INNOVATIVE STARTUPS</td>
<td>STARTUPS SQ. FT. INCUBATION SPACE</td>
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KEY FOCUS:
TECHNOLOGY BASED STARTUPS

Funds Committed (INR Crore)

- Venture Capital Funding
- Youth Entrepreneurship Activities
- Incubation & Startup Ecosystem

Fund Committed (INR Crore)
Maharashtra's startup policy is comprehensive and spells out the definition of a startup. According to the policy, an entity will be considered a startup if:
- It is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in Maharashtra; and
- Up to seven years from the date of its incorporation/registration; however, in the case of startups in the biotechnology sector, the period shall be up to ten years from the date of its incorporation/registration
- If its turnover for any of the financial years since incorporation/registration has not exceeded INR 25 crore
- If it is working towards innovation, development, or improvement of products or processes or services, or if it is a scalable business model with high potential for employment generation or wealth creation.

The policy provides benefits and incentives across sectors, with special emphasis on the startups in the social sector which includes but not restricted to education, skill development, health, clean energy, water sanitation and conservation, waste management, agriculture, food security, and financial inclusion.

The policy aims to reduce long drawn processes by easing the regulatory regime and enabling startups in keeping compliance costs to a minimum. The initiatives are in the form of reimbursement for stamp duty and registration fee, support in quality testing and patent filing, and tax holidays instead of GST paid.

Gujarat has a well-defined startup policy with specific focus areas and a sound online implementation system for registration of startups and them to avail incentives offered by the state government. All the policies are publicly available on the state's startup portal and have clearly defined benefits and incentives (both fiscal and non-fiscal) to be given to startups, incubators, nodal institutions, educational institutes, etc. The state has a thorough and clear definition of ‘startup’ in the startup policy according to which a startup is defined as:
- An entity shall be considered a startup up to ten years from the date of incorporation/registration; if it is incorporated as a private limited company or registered as a partnership firm or a limited liability partnership in India
- Turnover of the entity for any of the financial years, since incorporation, should not exceed INR 100 crore
- The entity should be working towards innovation, development, or improvement of products or processes or services.
ODISHA

• The state government of Odisha has set up a nodal agency for startups. As per notification in September 2019, the Commissioner-Cum-Secretary of the Micro Small and Medium Enterprises (MSME) Department was designated as the nodal officer.
• The startup portal for the state is startupodisha.gov.in. It includes features such as:
  - Startup registration
  - Nodal institution registration
  - Mentor registration
  - Relevant guidelines and notifications

KARNATAKA

• The state has an established nodal department, the Department of IT, BT, and ST, for implementation of the policy. The development of the startup ecosystem in the state is examined by the Principal Secretary, Department of IT, BT, and S&T as the nodal officer of the state. Additionally, the state has an exclusive Startup Cell which aims to promote the state of Karnataka as the ultimate startup destination in the world.

KERALA

• As per an order by the state in August 2018, the Kerala Startup Mission (KSUM) was designated as the nodal agency to deal with all matters related to startups. Kerala Startup Mission is the central agency of the Government of Kerala for entrepreneurship development and incubation activities in Kerala, India. The order also states that the Chief Executive of the KSUM will serve as the nodal officer. Details of the Kerala Startup Mission team are available on the state’s startup portal. The nodal department team consists of a governing council and an operational team.

RAJASTHAN

• The state has set up a Startup Cell which comprises of a dedicated team that provides all necessary assistance to the startups. Department of Information Technology & Communication is the nodal department. In November 2019, the Deputy Director and Programmer from Department of Information Technology & Communication has been appointed as the nodal officer for startups programme iStartup.
02 | NODAL DEPARTMENT, OFFICER AND TEAM

MAHARASHTRA

- The state has a dedicated nodal agency named ‘Maharashtra State Innovation Society’ (MSInS) that intends to foster an innovation-driven entrepreneurial ecosystem in the state. MSInS is the governing council for the implementation of the policy. The society provides a platform to entrepreneurs, researchers, academics, and fosters a culture of innovation with the following objectives:
  - To prepare the innovation roadmap of the state
  - To provide an innovation promotion platform to academics, entrepreneurs, and researchers as well as enabling the government from drawing upon national and international experiences to foster a culture of innovation in the state
  - The platform would promote a network of world-class innovation hubs and grand challenges for the state
  - The society would act as an umbrella advisory body to boost innovation-driven performance and efficiency in every sector
  - To create a smart ecosystem to boost and nurture innovation

GUJARAT

- The state has a robust with dedicated Startup Cell which comprises of a dedicated team of qualified personnel to assist startups. In April 2018, the Industries Commissionerate was assigned as the nodal agency and the Industries Commissioner was assigned as the nodal officer. Contact details of nodal department/agency and officers (with designation) and the profiles of the dedicated team assigned for any startup is made available on the startup portal

NAGALAND

- The state has a robust startup cell with dedicated teams to provide assistance to startups.
- The Department of Industries and Commerce, Government of Nagaland is the nodal department and a nodal officer has been nominated at the government level and directorate level.
- The contact details of the nodal department are made available on the startup portal.

03 | ONLINE IMPLEMENTATION SYSTEM

ODISHA

- The state government of Odisha has a highly interactive startup portal (startupodisha.gov.in). The startups can submit their registration applications and documents online and track the status of the applications on a real-time basis. The portal also has a robust query resolution mechanism that can be accessed via email and phone. All the helpline numbers are listed on the website. The details of incubators and any mentor registered with the portal are displayed in the public domain. The details regarding the policy implementation dashboard are displayed on the startup portal. The dashboard reports both Month to Date (MTD) and Year to Date (YTD) figures
KARNATAKA

- The state government of Karnataka has a dedicated startup portal (startup.karnataka.gov.in) with all the relevant information for stakeholders of the startup ecosystem consolidated in one place. The information available on the portal consists of:
  - An online system for registration, tracking, issuance of registration certificate, online query resolution system, call center number and incubation details (list of incubators, partner incubators and a list of incubatees)
  - A publicly visible dashboard on the home page showing key highlights of startups in Karnataka
    - It displays partner’s information (booster kit, list of mentors, academic institutes, and intellectual property (IP) facilitation centers)
    - It also displays other details including funding details, operational guidelines document, incentives available, and reports.

KERALA

- The state government of Kerala has a comprehensive online implementation system (startups.startupmission.in) which allows startups to register themselves and track applications and generate certificates. The state has maintained an interactive dashboard (month-to-date and year-to-date specific) highlighting the following:
  - Number of registered startups
  - Number of seed-funded startups
  - Number of venture-funded startups
  - Number of incubators supported
  - Number of purchase orders awarded

- The startup portal has a comprehensive mechanism for online receipt and resolution of queries and complaints. The portal also has a detailed list of incubators and mentors

RAJASTHAN

- The state government of Rajasthan has a dedicated online portal (sso.rajasthan.gov.in/sign in) for startups to get registered and use the credentials to avail of various policy benefits and incentives on a separate portal (istart.rajasthan.gov.in). Startups can register, obtain registration certificates, track application status, and generate online receipts on the portal.

- The registration process is straightforward in the state as startups get required access from a single portal called iStart.

- Accessible features are offered for receipt and resolution of online queries:
  - The portal has a robust query resolution mechanism that can be accessed via e-mail and phone.
  - All the helpline numbers are listed on the website. All queries received on the dedicated email (helpdesk.istart@rajasthan.gov.in) are responded within 48 hours.
**MAHARASHTRA**

The state government of Maharashtra has a dedicated online portal (msins.in) for startups. The portal has a user-friendly registration process and is also equipped with an online resolution of queries. The online system also has a dashboard that provides details on the number of registered startups, seed-funded startups, venture-funded startups, incubators supported, the number of incubates and the number of purchase orders awarded. The state also has a call center facility for all query resolutions.

**GUJARAT**

Gujarat has an interactive, easy-to-navigate startup portal: startupgujarat.in. It is a highly interactive platform created to initiate seamless registration of startups with the government of Gujarat.

- The startups can submit their application for registration by submitting all documents online. The status of the application is also reflected online in real-time and can be tracked accordingly.
- Once the startup is registered successfully, they are issued a registration certificate with a Unique Registration Number (URN)
- A robust startup helpdesk has been set up under the Gujarat Startup Cell at the Industries Commissionerate office to receive and resolve queries via phone, e-mail and through the online portal
- The details of incubators and mentor registered with the portal are displayed in the public domain
- The details of the policy implementation dashboard are displayed on Gujarat's startup portal

**NAGALAND**

The state startup portal is startup.nagaland.gov.in. It is a highly interactive platform created to initiate seamless registration of startups with Government of Nagaland.

- The startups can submit their application for registration by submitting all documents online. The status of the application is also reflected online on a real time basis and can be tracked accordingly.
- The details of the incubators registered with the portal are displayed in public domain
- The state's startup portal provides online resolution of queries as well

**MENTOR NETWORK**

19 STATES HAVE A MENTOR NETWORK

2000+ MENTORS ARE CUMULATIVELY REGISTERED

**ODISHA**

- The state portal has a mechanism for startups to connect to mentors. The portal has a list of mentors with their details and experience. After registering, startups can apply for mentorship support.
- It is a login based system wherein startups connect with mentors only after logging in to the portal. The mentor list highlights mentor qualifications, age, phone number and hours of availability.
04 | MENTOR NETWORK

KARNATAKA

• The state has created a robust mentor network comprising of experts from industry, academia, and the startup ecosystem. Startups in the state can seek guidance from experienced professionals from the Indian business landscape. The portal provides the facility to startups in the state to view the LinkedIn profile of each mentor and connect with them. The portal displays a list of more than 100 registered mentors which in turn supports building relationships that help startups in the state break the inequality of opportunity.

KERALA

• The state has a mechanism in place to connect startups with mentors. The details of the mentors are accessible through the state’s startup portal. Through the portal, mentors can register themselves and subsequently communicate with startups and offer their guidance and support. The state also maintains a list of startups that have successfully connected with mentors. The state has successfully connected 250+ startups with mentors.

RAJASTHAN

• To provide access to business experts and successful entrepreneurs, the state has built a strong mechanism to connect startups to mentors on the state portal to provide business and technical mentorship to startups or entrepreneurs on the state portal. The startups can access the list of mentors along with their profiles from the state’s startup portal.

GUJARAT

• The state portal has a list of mentors with a well-defined mechanism for Startups to connect with mentors. Startups can schedule a meeting with any of the registered mentors as listed on the online portal. According to the state government, more than 150 startups have received mentorship over the period of consideration.

100+ REGISTERED MENTORS

150+ STARTUPS MENTORED
### Odisha
- The state provides IP support under Industrial Policy Resolution 2015 in the form of 100% reimbursement of registration cost which could be up to a maximum of INR 10 lakh. The state’s definition of intellectual property includes industrial design, trademarks, geographical indications, and integrated circuit layout designs registrable under the Semiconductor Integrated Circuit Layout Designs Act 2000.
- Trademark assistance is also available to MSME units:
  - The state reimburses 50% of the costs incurred to obtain a trademark subject to a maximum of INR 25,000.
  - It is applicable for startups where fixed capital investment has commenced on or after November 2016 and gone into production within 3 years from the date of the first fixed capital investment.
  - The claim is to be submitted within one year from obtaining the trademark.

### Karnataka
- The Government of Karnataka provides support for filing patents to the beneficiaries in terms of offering reimbursement as categorised below:
  - **FOR DOMESTIC PATENTS:**
    - The cost of filing and prosecution of a patent application is reimbursed to the incubated startup company to a limit of INR 2 lakh per Indian patent awarded.
  - **FOR FOREIGN PATENTS:**
    - On a single subject matter, up to INR 10 lakh is reimbursed to the incubated startups. The reimbursement is made in two stages i.e., 75% post-filing the patent and the balance 25% after the grant of the patent.

### Kerala
- The state has a strong mechanism in place to offer IP support to startups. The state offers IP support as per an order from November 2018, by the Electronics and Information Technology Department. The details of the support can be accessed on the state’s startup portal. The following guidelines apply for patent support:
  - Support is provided as reimbursement of costs incurred for filing, prosecution, and award of the patent.
  - Support is limited to INR 2 lakh for national patents & INR 10 lakh for international patents.

### Rajasthan
- The state has a strong system in place to provide intellectual property assistance to startups by providing subsidies for filing patents/ trademarks. IP protection is offered to all the entrepreneurs developing software and animation through a legal mechanism. The state has established an IP team to support startups which also conducts IP awareness workshops and also provides reimbursement up to INR 3 lakh per patent awarded to an entity/company.

### Maharashtra
- The Maharashtra State Innovative Startup Policy has provision for filing IPRs and provides both financial and technical assistance to startups in the filing of patents and trademarks thereby illustrating the state’s competitiveness in strengthening their IP framework.
  - The policy entails rebate of 80% in patent filing, up to INR 2 lakh for Indian patents, and up to INR 10 lakh for international patents to strengthen the innovative output of the startups.
  - The state has issued guidelines with clear directions to state’s startups to avail IPR benefits under the policy.
  - Rajiv Gandhi National Institute of Intellectual Property Management has been established at Nagpur that conducts IP training, awareness, management, and research to improve the performance of startups and increase investments in IPRs and technology development.

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**80% Patent Filing Rebate**
05 | INTELLECTUAL PROPERTY (IP) SUPPORT

GUJARAT

- The state has a strong system in place to provide intellectual property assistance to startups in terms of the provision of subsidies for filing patents/ trademarks. The government of Gujarat offers IP support through its Education Department which has issued the Student Startups and Innovation Policy (SSIP) which provides various provisions to extend intellectual property rights’ support to startups. Following benefits related to IP support are provided in the policy:
  - **University Level**: Financial support for five years up to INR 5 crore for state universities and INR 2.5 crore for private or self-financed universities to help startups in filing patents
  - **Institute Level**: A grant of up to INR 2.5 lakh for filing an average of 10 national patents per annum and an additional grant of up to INR 2.5 lakh for filing international patents. Further, a grant of up to INR 40 lakh to be disbursed to a maximum of 40 eligible institutes per year

NAGALAND

- The state has a strong system in place to provide intellectual property assistance to startups in terms of provision of subsidies for filing patents. The benefits offered include the following:
  - 100% reimbursement of patent filing cost (including filling fees, attorney fees, search fees, maintenance fees) with a maximum limit of INR 2 lakh for filing domestic patent.
  - 100% reimbursement of patent filing cost (including filling fees, attorney fees, search fees, maintenance fees) up to INR 5 lakh for filing international patent.

ANDAMAN AND NICOBAR ISLANDS

- The UT has a system in place to provide 100% Intellectual Property (IP) assistance to startups in terms of provision of subsidies for filing national or international patents/trademarks/copyright. Also, the monthly allowance of INR 15,000 shall be provided to startups with founder/ cofounder
- as woman/ transgender or Schedule Caste (SC)/Scheduled Tribe (ST)/Socially and Educational Backward Communities (SEBC)/ Physically Handicapped (PH) for a period of one year. In such a case women/transgender/SC/ST/SEBC/PH founder(s) should at least have 50% equity in the startup entity

06 | PARTNERSHIPS

14 STATES WITH PARTNERSHIPS WITH EDUCATIONAL INSTITUTIONS & BUSINESS ENTITIES

ODISHA

- The state government has established cohesive partnerships with educational institutions and business entities to foster the growth of the startup ecosystem. As per their startup policy, the state has an objective to create a “Three – I” (3i) platform where institutions, incubators, and industry shall collaborate through an e platform which will function as a “Virtual Incubator” for startups. The platform shall also provide access to government empaneled service providers in areas such as law, finance, accountancy, marketing. The state has partnered with various international organisations, such as TIE Silicon Valley and Facebook. The state has formed tie-ups with various educational institutions such as NIT Rourkela, IIT Bhubaneshwar, National Institute of Fashion Technology.
KARNATAKA

- The Karnataka Government has established partnerships with institutes that can be accessed by logging on to the portal. Key international partnerships include those with Australia, Finland, France, Germany, Japan, and a few other countries. There have been delegation visits by notable representatives from these countries for workshops and or collaborations. The state government also has certain academic partnerships with institutes for courses and/or research. Some of the notable institutes include the Indian Institute of Science (IITC) and Manipal University.

KERALA

- The state has established tie-ups with various technology solution providers such as Google Cloud, Amazon Web Services, Cleartax, Razorpay, Digital Ocean, etc. As a result of these tie-ups, the startups registered under KSUM can avail services of these technology companies at subsidised rates. Further, the state has also partnered with the following national/international agencies for developing solutions in a host of areas such as: University of Illinois, Airbus, Center National d’Etudes Spatiales (CNES), Future Group, OPPO and Wadhwani Foundation.

RAJASTHAN

- The state has formed tie-ups with various corporate partners such as Amazon web services, OYO rooms, The Indus enterprise, Inc42, YourStory, Google cloud, SV.CO, 100 Open Startups Udaipur Times.

- The state has formed partnerships with various academic institutes as well such as Birla Institute of Technology and Science (BITS Pilani), Amity University Rajasthan, Jaipur Engineering College & Research Center, Malaviya National Institute of Technology Jaipur, MLSU Udaipur, and Mody University, Lakshmangarh-Sikar.

- Axis Bank, Ankur Capital Fund, HDFC Bank, Applyifi, Gilda, and Let’s Venture are some of the investors in partnership with the state.

MAHARASHTRA

- The state government currently has partnerships with both institutions and corporates for the assistance of professional services, mentorships, lab equipment, knowledge exchange, technology transfer, and market linkages. Some of the partners are Google, Digital Ocean, Engineer.ai, LEXStart, AWS, 91Springboard, Yes Bank, WRI India, IMC.

GUJARAT

- One of the key aspects of the state’s support system for startups is the number of incubators and accelerators which have grown through partnerships between the state government and various business enterprises and educational institutions

  - The business enterprises include both private and public sector organisations. Companies, such as, Google, Cisco and Claris Capital are some of the renowned global organisations that have established partnerships with state-supported incubators in Gujarat

  - Stanford University, University of Toronto, Israel Institute of Technology, etc. are some of the educational institutes that have established partnerships with the state.

  - Startups have benefitted immensely under these partnerships through professional services, mentorship, access to libraries and labs, software/hardware tools and other lab equipment, knowledge exchange, technology transfer, and market linkages

  - Details of partnerships along with contact details are available on the state’s startup portal.
ODISHA

- The state provides strong support to startups where women have more than 50% equity. The support is in the form of a monthly allowance of INR 22,000. The state also offers product development/marketing assistance of up to INR 16 lakh to women entrepreneurs for introducing innovative products to the market. The state has advised incubators to reserve at least one-third of the subsidised incubation space (5000 square feet) for women-led startups.
- The state’s initiatives for women entrepreneurs have helped more than 30 women-led startups.

KARNATAKA

- Catalyst for Women Entrepreneurship (CWE), a business Incubator of the Government of Karnataka provides space for women entrepreneurs with tech-enabled enterprises in Bangalore. The incubator provides 20 seats and facilities for 12 months at the K-Tech Innovation Hub by ‘NASSCOM 10K Startup’ warehouse. The CWE platform provides mentoring and access to finance, markets, enabling technology, information, and trade networks to the selected entrepreneurs and enables them to attain success and profitability in their businesses.
- The policy highlights the following provisions for women entrepreneurs:
  - Reserving 10% incubation space for women entrepreneurs
  - Ensuring one-third representation of women entrepreneurs, students, and teachers, etc.
  - Working of female employees in 3-shift operations with the availability of general permission to operate during night hours especially for women-led startups. This is subject to taking the prescribed precautions concerning the safety & security of women employees.

KERALA

- As part of the Youth Entrepreneurship Development Programme, the state has introduced the following incentives and benefits for women entrepreneurs:
  - Pre-incubation support is provided to startups led by women entrepreneurs and includes incubation, mentorship, and technical support.
  - The state also provides 100% reimbursement for the following:
    - Product showcasing costs
    - Travel costs
    - Marketing support costs (up to INR 5 lakh per startup per year and valid for two years)
  - The incentive also extends a moratorium period of seed funds provided by the Kerala Startup Mission from one year to two years.

HARYANA

- The state would set up UNTIL (United Nations Technology & Innovation Lab) in collaboration with the United Nations to promote women entrepreneurship & digital literacy in the State. The objectives of this lab are as follows:
  - Support Local Women Startup Eco-system – Build a strong eco-system of 50 startups by 2019
  - Promoting Global Technological Opportunities for women in Haryana – Three tie-ups with Global Platforms by 2019
  - The target of USD 5 Million in fundraising for women technology startups in 5 years.
MAHARASHTRA

- The state government of Maharashtra provides incentives to women founders of startups under its detailed Fintech Policy 2018 and promotes fintech startups with women entrepreneurs. The state has taken profound initiatives and earmarked a certain portion of the total funds to benefit the women startups in the state.
  - An Incentive fund of INR 10 crore has been created to encourage such women-led fintech startups wherein women are encouraged to be the founders of startups and can avail of the preferential funds from the state.
  - The state has provided seed funding support to the unique women-led startups wherein approximately 500 such beneficiaries have been benefitted.

RAJASTHAN

- Women entrepreneurs are provided specific incentives by the state to establish women-led startups. The state has taken initiatives to foster women entrepreneurship through various funding support programmes. The key initiatives are encapsulated below:
  - Bhamashah Techno Fund – The state launched the ‘Bhamashah Techno Fund’ of INR 500 crore, out of which INR 100 crore has been specifically earmarked for women entrepreneurs.
  - Micro, Small and Medium Enterprises (MSME) Policy 2015 – The state policy has made a provision for reimbursement of service processing charges for credit facilities up to INR 50,000.
  - Mentoring at Incubators – iStart Rajasthan provides mentoring support to women entrepreneurs across its Techno Hub and iStart Nest incubators.
  - Hers&Now – Startup Oasis, in collaboration with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) has established a programme to facilitate women entrepreneurship through dedicated incubation and acceleration programmes.
  - Banasthali Vidyapith – Incubation Centre has been established with the vision of empowering women. The incubation center provides women-led startups access to world-class labs, modern equipment, world-class mentor & industry networks, funding opportunities, and state of the art incubation facilities.
  - WOMENPreneur – This is an eleven-month incubation programme that seeks to nurture aspiring women entrepreneurs at all stages of the startup cycle.
  - WE Sprint – Women Entrepreneur Sprint is an accelerator programme for promoting women startups who are looking for capital, mentoring and structural resources to scale up.

NAGALAND

- The state provides encouragement and support to women entrepreneurs wherein awareness among women entrepreneurs for state and centrally sponsored schemes is being created along with 25% funds to promote startups by women entrepreneurs in the state.

SUPPORT FROM VARIOUS DEPARTMENTS

- 17 STATES
- 1 UT
- RECEIVED SUPPORT FROM STATE DEPARTMENTS TO AUGMENT STATE’S STARTUPS ECOSYSTEM
08 | SUPPORT FROM VARIOUS DEPARTMENTS

KARNATAKA

- **Social Welfare Department:**
  - The scheme of ‘Unnati’ under the Social Welfare Department of the state aims to provide a comprehensive entrepreneurship platform for Scheduled Castes/ Scheduled Tribes startups with ideas that have a social impact. The funding level is substantial and is up to INR 50 lakh, which is a one-time grant disbursed over two years on a milestone basis to the startups in the state.
  - The state has also collaborated with various other departments of the Government to organise mentoring workshops. The supporting departments are the Department of Agriculture, Department of IT, BT, and ST, Department of Industries and Commerce, Urban Development, Department of Revenue and Disaster Management, and Department of Agriculture.

ODISHA

- State-level departments of the Odisha Government have created a congenial support system to promote the growth of startups. Some of the initiatives taken by the state departments to foster entrepreneurship are:
  - **Finance Department:** Exemption of startups from submitting Earnest Money Deposit in public procurement activities provided by the finance department
  - **Skill Development Department:** organised Smart Odisha hackathon. The idea behind the hackathon was to encourage the students of Odisha to identify innovative and disruptive IT solutions for public service delivery and governance
  - **Bhubaneshwar Smart City Limited:** organised Smart city innovation challenge. The main objective of the programme was to create the forum for young entrepreneurs to share their ideas/innovations to improve urban living
  - **Bhubaneshwar Municipal Corporation:**
    - Implementation of an online system for submission and approval of building plans
  - **Make in Odisha conclave organised by the Government of Odisha to showcase the manufacturing prowess of the state and facilitate investments across various sectors of the industry
  - **Electronics & Information Technology Department:** Incubation subsidies offered to startups

KERALA

- The startup ecosystem in Kerala receives strong institutional support from various government departments in the form of hackathons and financial incentives. The departments providing support are:
  - **Department of Electronics and Information Technology**
    - As per orders released by the Electronics and Information Technology Department, government departments, Public Sector Undertakings, autonomous bodies, boards, and local self-government institutions are permitted to select startups registered in Kerala for implementation of their IT projects costing between INR 20 lakh and INR 100 lakh
  - **Kerala State Disaster Management Authority**
    - The State Disaster Management Authority with the support of Kerala Startup Mission and IBM hosted a two-day hackathon called ‘Call for Code Kerala’ which focused on disaster management. The theme of the hackathon, which saw participation by more than 25 startups, was to find an innovative solution for solving the crisis that arises during the time of floods or other natural calamities
  - **Kerala Police Department:**
    - The Kerala Police Department along with the Kerala Startup Mission invited proposals from selected startups for establishing the Police Innovation Center. A total of 12 startups presented their ideas Departmental Innovation Zones
    - KSUM has set up innovation zones in partnership with Kerala State Electricity Board (KSEB) and Kerala Water Authority where innovators are allowed to demonstrate their products and services
    - Under KSEB – Energy Innovation Zone, nine projects were funded with an innovation grant of INR 54 lakh
    - Similarly, KSUM partnered with Kerala Water Authority Innovation Zone for funding the man-hole cleaning robot project with an innovation grant of INR 27 lakh
  - **Kerala Finance Corporation:**
    - The Kerala Finance Corporation aims to provide handholding and mentoring support to 100 startups. The scheme is meant to encourage new and innovative startups that have the potential to contribute significantly to employment generation in the state. It also provides working capital funding support for startups younger than seven years and whose turnover has never exceeded INR 25 crore in any financial year.
  - **Kerala State Industries Development Corporation:**
    - The Kerala State Industries Development Corporation has established a seed funding scheme under which a maximum of INR 25 lakh will be provided to startups with innovative products. The assistance is sanctioned as a soft loan for one year after which the company shall either convert the loan to equity or repay with applicable interest. Till now, more than INR 15 crore has been sanctioned to 72 innovative startups operating across healthcare, agriculture, fintech, robotics, etc.
08 | SUPPORT FROM VARIOUS DEPARTMENTS

RAJASTHAN

- The state has been supported by many departments to foster the startup ecosystem and take it to an elevated level. The departments providing strengthened support to the state are:

- **DEPARTMENT OF TOURISM**
  - The state tourism policy offers tax subsidies, investment subsidies, and other incentives for startups. iStart Rajasthan was allotted a separate booth at Great India Travel Bazaar event to connect with the stakeholders in the Tourism sector.

- **RAJASTHAN STATE AGRICULTURE MARKETING BOARD**
  - The department held a round table conference to understand issues faced by startups in agriculture and discuss various mechanisms through which the government could support agri-tech startups.

- **DEPARTMENT OF INDUSTRIES**
  - The department has organised the Rajasthan Digitech Summit 2019. In the event, industry leaders, government officials, and investors met with innovative startups to extend their support and discuss possible business partnerships. The department also passed an ordinance to allow all MSME including startups to start a business without any prior approval or inspection for 3 years.

- **CENTER FOR ELECTRONIC GOVERNANCE**
  - The department has entered into an MoU with Elation Edutech, an iStart Rajasthan startup, working on enabling “Learning by Doing” and fostering creativity, learning, and imagination amongst students.

- **URBAN DEVELOPMENT AND HOUSING DEPARTMENT**
  - Municipal Council, Sikar is providing institutional support to WeVOIS Labs Private Limited, a Jaipur based startup, for collection of household waste from the region under the municipal limits of the council.

- **DEPARTMENT OF ENVIRONMENT**
  - The department of the state has organised Greena-Thon, a green technology-themed Hackathon. It was a 24-hour event and aimed at offering young entrepreneurs a platform to showcase their ingenious ideas related to sustainable energy as well as environmental issues. Krimanshi Technologies Private Limited developed a sustainable, unconventional, and cost-effective solution to feed the enormous cattle population of the country. The startup was awarded a work order of INR 10 lakh by the Rajasthan State Pollution Control Board.

- **MULTI-DEPARTMENT EVENT**
  - Department of Information Technology & Communication along with seven other departments organised an innovation festival Rajasthan Innovation Vision 2019 (Rajiv 2019) from 19th August - 21st August 2019 in Jaipur. The objective of the event was to offer the startups and young entrepreneurs access to initiatives of other state government departments in the state and to provide them with an opportunity to collaborate with respective departments.

MAHARASHTRA

- The government provides support to startups through initiatives such as hackathons, incubation, seed funding, public procurement, etc., which is competitive in comparison to other states. The provision of support is in addition to the aid provided by the nodal department of the state.

- Key departments of the state that have immensely supported and made endeavors in the state’s projects/policies are:
  - **Department of Agriculture**: leading the State of Maharashtra Agribusiness and rural transformation (SMART). Through the project, the government of Maharashtra aims to enhance enterprise formation, increase market access in agriculture value chains, and promote climate-resilient agriculture.
  - **IT Department**: leading the AI innovation challenge and the FinTech Policy 2018. The objective of the AI Innovation Challenge was to identify and support startups solving social problems in areas including and not limited to education, agriculture, healthcare, smart mobility, and water management, by leveraging artificial intelligence.
  - **Mumbai Metropolitan Regional Development Authority (MMRDA)**: is a leading station access and mobility programme (STAMP) for identifying & supporting innovative solutions in the area of crowd management at metro/railway stations and last-mile connectivity at stations.

- The state has prominently enacted initiatives towards the state’s startups with the ancillary support of key departments wherein different sectors are encouraged to implement the concept of startups and gain maximum support towards the overall state’s economic growth.
ODISHA

- The state has an online portal (investodisha.gov.in) which has an interactive mechanism in a place called GO SWIFT (Single Window Clearance Portal) for all approvals and clearances required for registering and operating startups across various sectors.
- The state has a robust mechanism in place to address the regulatory issues faced by startups. Issues relating to regulations can be submitted online through the state’s startup portal (startupodisha.gov.in).
- Grievances are placed before a committee comprising of director of industries, OSIC (Odisha Small Industries Corporation), and DEPM (Directorate of Export Promotion and Marketing). CEO, IED (Institute of Entrepreneurship Development) acts as member convener.
- A representative of the concerned department to which the grievance relates to is invited as a special invitee.
- The state has designated the CEO of IED as the main officer to liaise with the concerned government departments for the final resolution of the grievances in a time-bound manner.
- Alternatively, as part of its offline mechanism, the startups may approach the Additional Chief Secretary, MSME Department or CEO, IED at Startup Secretariat to get their issues resolved.

KARNATAKA

- Startups may avail the facility of approvals and clearances required for registering and operating a business through the online portal (https://startup.karnataka.gov.in/resources/). This is in the form of frequently asked questions (FAQs) on the portal.
- Some of the key facilities include setting up a business, exiting a business, self-certification under labour laws etc.

KERALA

- The state has a comprehensive and interactive online mechanism that provides information on state approvals and clearances required for registering and operating startups across various sectors in the state.
- The mechanism is available on the Ease of doing business (EoDB) portal and the same has been linked with the state’s startup portal for ease of access. The EoDB portal also features a list of department wise approvals and clearances along with application procedure, documentation, and timelines for grant of approvals.
09 | BUSINESS COMPLIANCE INFORMATION SYSTEM (BCIS)

UTTARAKHAND

• The state has simplified business mechanisms for startups with a single-window portal (investuttarakhand.com) for showcasing an online interactive mechanism for all state approvals and clearances. The URL of the single window portal is also linked to the state startup portal.

TELANGANA

• The state has an interactive mechanism in place to address the regulatory issues faced by startups.
• “Emerging Technologies Wing” initiated by the state in the year 2017 (https://it.telangana.gov.in/sectors/emerging-technologies/) is accountable to look after the new/disruptive startups/regulatory issues encountered by these startups.
• The LinkedIn URL (https://www.linkedin.com/company/et-itec-gots/about/) is the online mechanism that has been implemented by the state for redressal of regulatory issues faced by new/disruptive startups. This account is managed by the “Emerging Technologies Wing of ITEC&C Department”.

MADHYA PRADESH

• The state has an online portal with an interactive mechanism to find information on all the state approvals and clearances required for registering and operating startups across various sectors.
  - The state’s Single Window System portal showcases an online interactive mechanism for all state approvals and clearances required for registering and operating startups across various sectors.
  - This portal (msme.gov.in) also acts as a one-stop-shop for startups to comprehend the approvals and clearances required for starting a business, obtaining seed funding or venture funding, guidelines for public procurement, partnerships, self-certifications, relevant rules and regulations by the state government.

JHARKHAND

• The state government of Jharkhand has simplified the business mechanism for startups with a single-window portal for showcasing an online interactive mechanism for all state approvals and clearances. This is an essential requirement for registering and operating startups across various sectors. The URL of Single Window Portal https://advantage.jharkhand.gov.in/SingleWindow/ is linked to the State Startup Portal.
• Some of the options offered by the single-window portal are:
  - Approvals
  - Incentives
  - Central inspections
  - Landbank
  - Investor tracking
  - Policy feedback
MECHANISM FOR IDENTIFICATION OF REGULATORY ISSUES

KARNATAKA

- The process to draft a policy that has been defined by the state government of Karnataka is as follows:
  - **Technology Selection & Prioritisation:** The Karnataka Innovation Authority and Startup Cell Department would identify the technologies that it intends to prioritise every year for support & promotion.
  - **Consultations:** The department intends to hold recurring consultations with industry associations, academia, startups, and other relevant stakeholders to identify and draft regulations that should be introduced considering the long-term impact of specific technology/business model.
  - **Technology specific frameworks:** Post consultations, review, and feedback from various groups on the prioritised technologies and corresponding regulations, the department identifies the action required for every specific technology or sub-technology.
- Thus, in order to create a comprehensive policy for implementation of startups, the state encourages the startups to provide inputs in drafting the policies with regulatory coherence and provide support in structuring of such policies for a well-ordered execution.

KERALA

- The state has a comprehensive and interactive online mechanism that provides information on state approvals and clearances required for registering and operating startups across various sectors in the state. The mechanism is available on the Ease of doing business (EoDB) portal and the same has been linked with the state’s startup portal for ease of access. The EoDB portal also features a list of department wise approvals and clearances along with application procedure, documentation, and timelines for grant of approvals.

UTTARAKHAND

- The state has a strong mechanism in place to address the regulatory issues faced by startups. The startups can submit issues relating to regulations via an online mode through the state’s startup portal. A separate tab “Regulatory Issues” is available on the state’s portal. Through the online link, the startups can reach out to the governments to present their suggestions and comments on drafting the policies/regulations regarding disruptive technologies and business models.

MADHYA PRADESH

- The portal has an online mechanism implemented by the state to invite & identify grievances raised by startups. Under the “Concerned Department” tab, startups have the option to file complaints/grievances related to various departments such as law & legislative affairs, public grievances redressal, etc. Two-way communication between startups and relevant government departments is aimed at direct consultation and grievance redressal.

JHARKHAND

- The state has set up an online mechanism to connect with startups which shares understanding about regulatory issues faced by them and enables experiential outcomes to startups to effectively adhere to the state regulations. A separate tab titled ‘Regulatory issues’ is made available on the state’s portal for the startups to have a thorough understanding of the upcoming regulatory barriers and the process to follow the regulations with ease and cognisance.
The state has carried out various amendments in rules and regulations to promote the growth of startups and create a favourable regulatory environment which are:

- Odisha youth innovation fund has been proposed in the Odisha State Youth Policy (OSYP) 2013 for promoting innovative entrepreneurship among the youth/startups of the State.
- In 2018, the state introduced a self-certification scheme for startups according to which startups can self-certify compliance with the provisions of the following labour laws implemented by the state government:
  - The Building and Other Construction Workers Act
  - The Inter-State Migrant Workmen Act
  - The Payment of Gratuity Act
  - The Contract Labour Act
- Aerospace Defence Manufacturing Policy 2018:
  - The main objective of the policy is to attract investments in Aerospace and Defence Manufacturing sector and create a strong ancillary ecosystem of manufacturers, suppliers, and vendors through a focused cluster-based approach.
  - The policy provides incentives and exemptions in conjunction with any other applicable existing policy of the state government and Government of India.
- Biotechnology Policy 2018:
  - The Odisha Biotechnology Policy 2018 provides fiscal & non-fiscal incentives, marketing assistance for the development of the sector.
- Odisha State Film Policy 2016:
  - The key objectives of this policy are to promote Odia films and bring Odisha as a destination for film shooting.
- Renewable Energy (RE) Policy 2016:
UTTARAKHAND

- The state has carried out various amendments in rules and regulations to promote the growth of startups and create a favourable regulatory environment.
- The major amendment and policies are:
  - Startup Uttarakhand Policy 2018 (English)
  - Startup Uttarakhand Policy 2018 (Hindi)
  - Purchase Preference Policy
  - Uttarakhand Procurement (Amendment) Rules
- Amendments in acts and regulations:
  - Self-Certification scheme for startups
  - Reforms were undertaken by Department Stamps and Registration
  - Reforms were undertaken by Directorate of Health and Family Welfare
  - Reforms were undertaken by Fire and Emergency Services
  - Reforms were undertaken by the State Industrial Development Authority (SIDA)
  - Reforms were undertaken by the State Infrastructure and Industrial Development Corporation of Uttarakhand Ltd (SIIDCUL)
  - Reforms were undertaken by Uttarakhand Environment Protection & Pollution Control Board (UEPPCB)
  - Reforms were undertaken by Uttarakhand Power Corporation Ltd
  - Reforms by Uttarakhand Jal Sansthan

MADHYA PRADESH

- The MSME Department of the state has notified all the other state departments to focus on startup services related to disruptive technologies and offer benefits under the MP Incubation and Startup Policy 2016. The department has also notified that preference in procurement and free of cost services be provided to Startups under Madhya Pradesh Bhandar Kraya Tatha Sewa Uparjan Niyam, 2015.
- The Labour Department of the state has notified all field officers to ensure that incentives and exemptions are extended to Startups to a duration of 5 years
- Mukhyamantri Yuva Udhami Yojana (MMUY) - Provisions have been made for financial support for the registered startups. Rules/regulations under the scheme have assisted startups to avail loans. The scheme also provides for additional benefits for women startups in the form of low-interest rates.
TELANGANA

- Some of the amendments/acts in supporting the startup initiative are:
  - Innovation Policy 2016 – it was introduced to help the startups by creating an environment that is truly conducive to innovation, to experimentation, to risk-taking, and entrepreneurship across all levels of society.
  - Blockchain Policy 2019 – it was introduced to help startups by making Hyderabad as one of the top ten blockchain cities in the world.
  - TS Drone Policy to introduce disruptive technology - The state’s vision is to build a vibrant drone ecosystem accelerating the economic growth in the state of Telangana. This policy is based on four main pillars:
    • Developing Talent Pool
    • Supporting Infrastructure
    • Promoting Research and Innovation
    • Enabling Collaboration and Building Community

KERALA

- The Electronics and Information Technology Department of Kerala has taken some major initiatives to establish a favourable regulatory environment for startups:
  - Through an order released in July 2019, the department established the Massachusetts Institute of Technology super fab lab with advanced fabrication and machining capabilities at the integrated startup complex in Kalamassery.
  - Through an order released in September 2018, the department introduced the direct purchase of mobile applications, software products, and services from startups up to a value of INR 20 lakh.
  - Through an order released in January 2019, the department introduced the Kerala High Achievers’ Startup (KHAS) fellowship scheme with fellowships to be granted to top ten percentile of students from various national institutions and deemed universities.
  - As per an order released in May 2019, the department established guidelines for aiding startups for attending national and international events.
  - Woman entrepreneurship scheme providing pre-incubation support, business support, and seed funding support to women-led startups was established by the department through an order released in May 2019.
  - Through an order released in March 2019, the department established a scheme to set up a hardware accelerator at the integrated startup complex in Kochi.
• The state has constituted a ‘Tech Regulatory Committee’ with the Karnataka Innovation & Technology Society (KITS) as convener and representatives of other departments as members to look into and report on the granular aspects of the specific emerging technologies and their implication. This is done to review and re-orient appropriately the regulatory framework and respond to the dynamics of the rapidly evolving tech scenarios.

  - Karnataka Electronics System Design and Manufacturing Policy 2017-22
    The policy is developed to provide the necessary impetus to take advantage of the dormant capabilities across various electronics markets to make the local electronics system design and manufacturing sector globally competitive. It is expected to give thrust to 3D printing, robotics, internet of things (IoT), big data, artificial intelligence (AI), machine learning, stem cell research among others.

  - Karnataka Biotechnology Policy 2017-22
    The policy encourages R&D in emerging technology areas such as — synthetic biology, diagnostics and management of rare diseases, antimicrobial resistance, aqua-marine biotechnology, animal biotechnology, bio-manufacturing, and development of affordable medical devices — to foster the bio-economy growth.

• Karnataka Electric Vehicle & Energy Storage Policy 2017
First of its kind electric vehicle policy was issued by the state that aims to develop Bengaluru as the EV capital of India. The policy aims to attract an investment of INR 310 billion and create about 55,000 jobs in the state. Karnataka has been a pioneer in developing policies around electric vehicles and there exists ‘Electric Vehicle and Energy Storage Policy- 2017, for five years. The initiative is in line with the union government’s vision to make the country an all-electric vehicle market by 2031.

• Karnataka Open Data Initiative (K-ODI)
K-ODI is an initiative to provide proactive and open access to the data generated through public funds by departments/organisations of government and to increase transparency, accountability, citizen engagement, collaboration, good governance, decision-making & innovation. In the budget speech of FY 2019-20, INR 5 crore was earmarked for the K-ODI project.

• Karnataka Animation, Visual Effects, Gaming and Comics Policy 2017–22
The government of Karnataka aims to foster Animation, Visual effects, Gaming and Comics (AVGC) industry to build sustainability, scale, create a critical mass, and support the development of creatives in the state. To facilitate various objectives, a policy with a host of incentives and concessions shall apply to the industry throughout the policy period.
## Relaxation in ‘Prior Experience’ Criteria

### Karnataka
- The state government-owned Karnataka State Electronics Development Corporation Limited (KEONICS) has the provision for startups in the state.
- Complete relaxation has been given to startups for the criteria of ‘prior experience’.
- The above norm would help startups gain experience which would be catalytic in terms of generating employment and enhancing competition.

### Kerala
- The state, through an order released by the Stores Purchase Department in September 2018, exempted startups from meeting the criteria of prior experience.

### Gujarat
- The state through a resolution in April 2018 has removed the criteria of “prior experience” to encourage startups to participate in public procurement.

### Odisha
- The state has made the necessary relaxations in terms of ‘prior experience’ to encourage startups to participate in public procurement.
- As per a notification released in March 2018, the MSME Department in Odisha started exempting startups registered under ‘Startup Odisha’ and ‘Startup India’ from the prior experience and prior turnover criteria.

### Haryana
- The state has provided 100% relaxation under ‘prior experience’ criteria to state’s startups. This would provide an equal opportunity to all startups to scale up and participate in public procurement along with the experienced entrepreneurs/companies and would strengthen startup movement in the state.

### Chhattisgarh
- The state’s amendment rules enumerate that “prior experience” criteria would not apply to startups in the state.

### Jharkhand
- The state has provided 100% exemption to startups from the criteria of ‘prior experience’ and ‘prior turnover’ for the order value up to INR 5 Crore. This provision offers entrepreneurs and students to progressively create a foundation of startup businesses in the state.
RELAXATION IN ‘PRIOR TURNOVER’ CRITERIA

KARNATAKA
- The state government-owned Karnataka State Electronics Development Corporation Limited (KEONICS) has the following provision for startups in the state:
  - Complete relaxation has been given to startups for the criteria of ‘prior turnover’
  - Relaxation in the submission of Earnest Money Deposit for startups is also provided by the state for encouraging startups.

KERALA
- The state, through an order released by the Stores Purchase Department in September 2018, exempted startups from meeting the criteria of prior turnover.

GUJARAT
- The state, through a resolution in April 2018 has removed the criteria of “prior turnover” to encourage startups to participate in public procurement.

ODISHA
- The state has made the necessary relaxations in terms of ‘prior turnover’ to encourage startups to participate in public procurement.

MAHARASHTRA
- The state has provided 100% exemption to startups in the manufacturing sector from the criteria of ‘prior turnover’ Though this exemption is sector-specific, it does not impede on quality or technical standards of the product.
- The state government provides relaxation in case a participant participates in the bid for priority in the purchase policy.
- The state provisions exemption to startups from the terms and conditions of the annual turnover of 5 years from the date of registration of the The Department for Promotion of Industry and Internal Trade (DPITT) as per the rules set by the Central Government.

HARYANA
- To allow startups to compete with experienced entrepreneurs and companies in public procurement, the state has provided a 100% relaxation under ‘prior turnover’ criteria. This would further encourage increased participation in the domain of startups.

JHARKHAND
- The state has provided a 100% exemption to startups from the criteria of ‘prior turnover’ for the order value up to INR 5 Crore. This provision offers entrepreneurs and students to progressively create a foundation of startup businesses in the state.
14 | RELAXATION IN ‘SUBMISSION OF EARNEST MONEY DEPOSIT’ CRITERIA

KARNATAKA

- The state government-owned Karnataka State Electronics Development Corporation Limited (KEONICS) has the following provision for startups in the state.
- Relaxation in the submission of Earnest Money Deposit (EMD) for startups also offered by the state.
- The above norm would help startups gain experience which would be catalytic in terms of generating employment and enhancing competition.

KERALA

- The state, through an order released by the Stores Purchase Department in September 2018, exempted startups from meeting the criteria of submission of Earnest money deposit.

GUJARAT

- The state, through a resolution in April 2018 has removed the criteria of “submission of Earnest Money Deposit (EMD)” to encourage startups to participate in public procurement.

ODISHA

- The state has made necessary relaxations in terms of submission of Earnest Money Deposits (EMD) to encourage startups to participate in public procurement.

MAHARASHTRA

- Submission of Earnest Money Deposit (EMD) is a big hurdle for startups and the government has provided 100% exemption applicable as per the policy to ease the way forward for startups from all the public tenders. Thus, the startups in the state can fulfill the objective as they can participate in government tenders with no deterrent such as that of ‘submission of Earnest Money Deposit (EMD)’ criteria.

HARYANA

- As a source of encouragement for startups and to ensure financial viability for early-stage startups, 100% relaxation under ‘submission of Earnest Money Deposit (EMD)’ has been provided by the state.
### Karnataka

- The state government provides following preferences for all registered startups with the startup cell of KBITS (Karnataka Biotechnology and Information Technology Services) for public procurement of goods & services:
  - 50% discount is made available on all non-refundable royalty
  - A set target of 10% of the procurement by the state government is availed through startups to foster rapid growth and to present useful pilot opportunities for startups

### Odisha

- As per a notification released in March 2018, the MSME Department in Odisha started exempting startups registered under ‘Startup Odisha’ and ‘Startup India’ from the prior experience and prior turnover criteria
- Additionally, participating startups are not required to submit any earnest money deposit
- Furthermore, the MSME Department mandates that 20% of total procurement for any state department/public sector company in Odisha must be from a startup. As part of this initiative, the state has awarded 15 work orders to 10 unique startups in Odisha.

### Gujarat

- The state gives preference in terms of providing orders for procurement to all the list of registered startups under in the state. Preference is provided in the price or value of procured goods or services.
- If the startups participate in the tender for startups elements, purchase orders up to 10% of the total purchase value should be given on an experimental basis and the total order should be divided into multitudinous startup elements. If such successful startup components are to participate in the tender in the next year then they will be ordered to purchase 20% of the total purchase price

### Kerala

- The state has ensured that the startups are given preference in public procurement. This is evident as the Department of Industries and Commerce has given purchase preference, tender fee, and performance security
- Furthermore, the nodal department has also organised a Government e-Marketplace workshop for the startups in association with its incubators, startup India and Government e-Marketplace officials.

### Maharashtra

- The state gives preference in terms of providing orders for procurement to all the list of registered startups under in the state. Preference is provided in price or in value of procured goods or services.
- It also states that, if the startups participate in the tender for startups elements, purchase orders up to 10% of the total purchase value should be given on an experimental basis and the total order should be divided into multitudinous startup elements. If such successful startup components are to participate in the tender in the next year then they will be ordered to purchase 20% of the total purchase price

### Haryana

- The state has ensured that the startups are given preference in public procurement. This is evident as the Department of Industries and Commerce has given purchase preference, tender fee and performance security
- Furthermore, the nodal department has also organised a Government e-Marketplace workshop for the startups in association with its incubators, startup India and Government e-Marketplace officials.
KARNATAKA

• Under ‘Elevate 2019’, the Karnataka Innovation & Technology Society (KITS) awarded work orders to 60+ startups for development & supply of device/software during the period May 2018 to September 2019

KERALA

• The state has been successful in awarding a total of 25 work orders to 15 unique startups

MAHARASHTRA

• 24 winning startups in the Maharashtra Startup Week were awarded work orders by the state government of up to INR 15 Lakh
16 | NUMBER OF STARTUPS AWARDED WORK ORDERS

HARYANA

- The state government of Haryana has successfully awarded 5 different work orders amongst 3 unique companies. This illustrates that the state is keen to encourage the establishment of startups by awarding work orders.

GUJARAT

- The state has awarded work orders to 20+ startups to encourage their participation in public procurement. Some of the startups which were awarded work orders are Orion, Brook and Blooms, Hubili, icreate, and Lutalica.

17 | GRIEVANCE REDRESSAL MECHANISM

KARNATAKA

- The state government has a centralised online and offline grievance management system that addresses issues raised by startups related to public procurement.
- To make the system more effective, the state has taken the following measures:
  - Assigned a dedicated officer for evaluation and resolution of all such issues. Relaxation in the submission of EMD for startups also persists in the state.
  - The grievance management system is placed by the state to communicate issues raised by startups. The state discusses the concerns of startups related to government procurement with designated departments or agencies executing in consonance with them.
  - The system is a centralised online/ offline mechanism in KEONICS for startups to submit their concerns about the government/ PSU procurement.
17 | GRIEVANCE REDRESSAL MECHANISM

**KERALA**

- The state government has developed a robust online mechanism for receiving grievances and communicating resolutions on matters related to public procurement. Startups can raise grievances on the state’s startup portal and communication of resolution of the grievances is undertaken through the same portal. As per the government order released in August 2019, the grievance raised by the startups is forwarded to the concerned Implementation Officer. If the query is not satisfactorily resolved within five days, it is forwarded to the Chief Executive Officer (CEO) of KSUM for quick resolution.

**GUJARAT**

- The state has developed a robust online mechanism for receiving grievances and provide resolutions on matters related to public procurement.
- Startups can raise grievances on the state’s startup portal and communication of resolution of the grievances is undertaken through the same portal.
- For each grievance submitted, a timeline is specified for the resolution.
- The Commissioner of Industries and Coordinator - Startup Cell Gujarat has been appointed as a dedicated officer for resolving grievances.
ODISHA

- The state has a comprehensive mechanism in place to address the grievances of startups
  - Startups can raise grievances related to public procurement on the state’s startup portal (startupodisha.gov.in). For each grievance submitted, a timeline is specified for the resolution
  - Such grievances are placed before a committee comprising of Director, Industries, Odisha and OSIC (Odisha Small Industries Corporation) and DEPM (Directorate of Export Promotion and Marketing) and CEO, IED (Institute of Entrepreneurship Development)
  - CEO, IED is declared as the nodal officer to liaise with the concerned government departments for final resolution of the grievances in a time-bound manner
  - Alternatively, as part of its redressal mechanism, the startups approach the Additional Chief Secretary, MSME

MAHARASHTRA

- The state has developed a robust time-bound online mechanism for receiving grievances and provide a resolution on matters related to public procurement. The CEO of the Maharashtra State Innovation Society has been appointed as a dedicated officer for resolving grievances

HARYANA

- A mechanism for resolving grievances of startups specifically related to public procurement is established by the state government. A dedicated officer is also made operational in the state to assist startups in resolving their grievances.
GUJARAT

- The state government ensures to provide the essential benefits of setting up new incubators and upgrading the existing incubators.
  - Under the IT & ITes & Electronic Startups Policy 2016, the state provides the following subsidies to incubators:
    - One-time capital assistance at the rate of 50% of Gross Fixed Capital Investment (subject to a ceiling of INR 50 lakh), excluding the cost of land, for setting up an incubator
    - Mentoring assistance of INR 5 lakh per annum
    - A matching grant of 25% of the funds mobilised by them to a ceiling of INR 1 crore per annum
    - The state supports the procurement of key software required for development and testing purpose at the incubator attached or associated with educational institution or universities at the rate of 50% of software cost subject to a ceiling of INR 1 crore
  - Currently, the state supports 80+ incubators in the form of capital and operational expenditure during the period of consideration. Out of these, 30+ incubators have allocated 2000+ seats specifically for startups.

KARNATAKA

- The state has 40+ incubators listed under four different categories:
  - K-Tech Innovation Hubs,
  - Incubators/ Common Instrumentation Facilities,
  - K-Tech Technology Incubators and
  - Incubators under K-Tech New Age Innovation Network.
- According to the sanction letters, there has been a release of funds to the respective incubators.
18 | SETTING UP NEW AND UPGRADING EXISTING INCUBATORS

KERALA

- The state has established Kerala Technology Innovation Zone, a global innovation incubator hub for many technology sectors under an umbrella. The zone will create world-class infrastructure facilities for multi-sector technology incubators to incubate their startups and to support home-grown enterprises. The startup policy extends support for setting up both sector-specific and sector agnostic incubators. Under the policy, the state extends the following support to incubators:
  - Capital assistance for furnishing expense provided furnishing is done in a government space for
  - Operational assistance for a maximum period of five years
  - Promotional support which includes grants and seed funds
  - Mentoring support

- The startup policy also proposes to set up an Incubation Infrastructure Development Fund which will support the development of physical incubation infrastructure through a Public-Private Partnership model

- The state supports a total of 6 incubators through financial assistance for operational expenditures
  - Maker Village, Ernakulam
  - Mobile 10X, Calicut
  - Krobs Bionest, Ernakulam
  - Nasscom Startup Warehouse, Ernakulam
  - International Center for Free and Open Source Software, Ernakulam
  - Mizone, Kannur

ODISHA

- As per the startup policy, the state encourages incubators recognised either by the central or state government and approved by the state-level implementation committee to support and mentor startups. Such incubators are eligible for obtaining a mentoring service from the state.

- While the state government is aiming to increase disbursement of funds manifold, the state currently supports 12 incubators through the following initiatives:
  - Approved incubators can avail performance capital grant of INR 5 lakh for each successful startup they incubate and reimbursement benefit of INR 1 lakh per year for three years (for free internet, electricity, and mentoring service)
  - The state also encourages its universities/educational institutions which are in existence for at least five years and approved by state-level implementation committee to support and mentor innovators
  - Such approved institutions are eligible for a one-time capital grant of 50% of the capital cost (excluding the cost of building) up to a maximum of INR 1 crore to set up or scale up an incubation facility
18 | SETTING UP NEW AND UPGRADING EXISTING INCUBATORS

TAMIL NADU

• State departments and public sector companies are encouraged to support incubators by using their corporate social responsibility funds. These incubators shall also serve as an innovation sandbox to solve problems faced by public sector companies.
• The state proposes to:
  - Establish a learning & development team at the TANSIM
  - Allocate land to entrepreneurs at nominal lease for 99 years to establish ‘Startup Parks’
  - Establishment of sector-specific niche incubators
  - Develop technology business incubators under the brand ‘incubaTN’
  - Set up a fund called Tamil Nadu Startup Seed Grant Fund (TNSSGF) which would provide up to a maximum of INR 50 lakh to academic incubators and private technology business incubators
• In 2018, the state, in collaboration with educational institutions, proposed to set up ten incubation centers across the state under Tamil Nadu Manufacturing Business Incubation Infrastructure Development Project.

JHARKHAND

• The state government of Jharkhand has the vision to create 1,00,000 sq.ft. of dedicated incubation space offering end-to-end support.
• The state startup policy also details incentives and provisions for the following:
  - Central incubation lab (CIL) - for government-aided entrepreneurial activities
  - Incubation centers in higher educational institutions
  - Private Incubators/Accelerators
  - Industry-Academia incubation centers
  - Virtual incubator platform
• To do so, it has come up with Hub and Spoke (HAS) model for developing a startup ecosystem and incubation centers in the state.
19 | NUMBER OF SEATS FOR INCUBATORS IN STATE

GUJARAT

• The state supports 80+ incubators in the form of capital and operational expenditure during the period of consideration. Out of these, 30+ incubators have allocated 2000+ seats specifically for startups.

KARNATAKA

• 665+ seats have been allocated for all incubators in Karnataka for more than 255 startups. There is an incubator-wise list for the seats allocated for each startup in Karnataka.

KERALA

• The state has performed well by allocating a total of 1,700+ seats to startups in the state across 17 different operational incubators.

TAMIL NADU

• The state has supported setting up of 8 incubators with seven seats allocated to startups.
**ODISHA**

Three operational incubators in Odisha have allocated 170+ seats to startups.

**JHARKHAND**

For seven of the incubators in the state, a total of 406 seats were allocated. The incubation centers include:
- Atal Bihari Vajpayee Innovation Lab, Ranchi
- Bihar Institute of Technology, Sindri
- Birla Institute of Technology Extension Center, Deoghar
- Central University of Jharkhand, Ranchi
- Indian Institute of Technology (ISM) Dhanbad
- Software Technology Parks of India, Ranchi
GUJARAT

• Under the Startup & Innovation Policy, the subsidy provided to eligible startups is in the form of a sustenance allowance (seed funding). The subsidy may be utilised for paying incubation fees (if any) to the nodal institute to avail a subsidised incubation.

• It has also been mandated that all the institutes/universities receiving grants under the Student Startup and Innovation Policy (SSIP) 2017 must provide “Free Incubation Support” to the startups/students for at least three months from the date of enrollment of startup/student with the institute.

KARNATAKA

• The policy under the section ‘Creating Incubation Infrastructure through Public-Private Partnership (PPP) provides subsidised seats for startups in PPP incubators and accelerators setup in the state. It recommends charges of INR 3,000 per seat per month which is limited to five seats per incubatee.

• The list of key incubators offering subsidised seats are showcased below:

<table>
<thead>
<tr>
<th>Incubation Centre</th>
<th>Number of startups provided subsidised incubation</th>
<th>Subsidy offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-tech Innovation Hub, Startup Warehouse</td>
<td>100+</td>
<td>Subsidised Incubation rate of INR 4000 (+GST) and INR 2000 (+GST) for women entrepreneurs</td>
</tr>
<tr>
<td>K-tech Innovation Hub by Bangalore Bio-innovation Centre</td>
<td>45+</td>
<td>Subsidised incubation rate of INR 110 per sq.ft. and NIL for women entrepreneurs</td>
</tr>
<tr>
<td>K-tech Innovation Hub, Mobile10x</td>
<td>20+</td>
<td>Subsidised incubation rate of INR 5000 per seat</td>
</tr>
</tbody>
</table>
KERALA

- The state has supported the development of 6 incubators through financial assistance. It has allocated 1700+ seats through 17 incubators.

TAMIL NADU

- The state startup policy envisions the establishment of sector-specific niche incubators. The government-funded incubators would be open for public access at least 16 hours a day and seven days a week, except on national and state holidays.

JHARKHAND

- The state has setup a total of six incubators allocating more than 170 seats, supporting more than 40 startups.

ODISHA

- Recognised startups may avail subsidy benefits to the extent of 50% of monthly rental of the incubation space (subject to a maximum of INR 5000) for a period of maximum one year. Performance capital grant of INR 5 lakh may be given to an approved incubator for its every successful startup incubated at least for a minimum period of three months.
- In case a university recognised under the Central/State Act can raise funding for the development of its incubation infrastructure, the Startup Council of Odisha may consider providing a matching grant subject to an upper limit of INR 5 crore on a case-to-case basis. Such grant from the government shall only be used for the development of incubation infrastructure including the purchase of equipment for the incubation facility.
21 | ACCELERATION PROGRAMMES

GUJARAT

• The government has conducted various acceleration programmes in association with industry players through organisations such as iCreate. Ahmedabad-based iCreate an autonomous technology business incubation center that identifies and nurtures aspiring entrepreneurs. The support provided to Startups under acceleration pro-grams by iCreate involves access to iCreate labs, office space, mentors, market access as well as seed capital for projects it incubates.

• Currently, iCreate is running the iELT Accelerator Programme, which is a two-and-a-half-week programme focused on very early-stage startups and innovators to quickly understand whether their innovation can become a successful business. Selected participants would be guided through a series of steps that include intense class-room sessions, real customer feedback, and one to one mentoring. This will enable them to validate whether their idea is feasible and improve their chance of success.

KARNATAKA

• The government of Karnataka in collaboration with partners from the industry and academia has set up eight sector-focused Centres of Excellence (CoEs) that also act as accelerators and one bio-accelerator programme under BBC, to handhold startups for 12 months. The services provided as part of the acceleration programmes are:
  - Mentorship
  - Partnerships
  - Funding Assistance
  - Market Access
  - Participation in Industry Programmes

KERALA

• The state has organised a total of 44 acceleration programmes for startups.

• The state has initiated various acceleration programmes to provide startups with the opportunity to connect with investors and obtain funding support:
  - K accelerator programme
    - The K accelerator programme is a three-month programme designed to help startups get market validation for products, meet with relevant customer and industry leaders, and connect with potential investors. The state has collaborated with Zone Startups India to roll out this programme.
  
  - XR accelerator
    - The XR accelerator programme is a joint venture between Unity Technologies and the Future Technologies lab of the Kerala Startup Mission. The programme has been designed to support development in the field of augmented reality and gaming.
KERALA

- Brinc accelerator
  - The Brinc accelerator programme is a three-month programme focused on computer hardware and the internet of things. The programme provides support to mid-stage startups that have a working prototype in place and are ready to move to design phase for manufacturing.

- The state proposes to encourage industrial organisations and private commercial organisations to setup incubators/accelerators using funds allocated under schemes of Niti Aayog, Department of Science and Technology (DST), Department of Biotechnology (DBT), Department of Electronics and Information Technology (DEITY) and the Ministry of Micro, Small and Medium Enterprises (MSME), Government of India.

ODISHA

- To promote the growth of startups, the state conducts acceleration programmes that have a major impact on the development of the startup ecosystem. Some of these programmes are:

- Udaan Accelerator programme for Fund-raise: The objective of the programme is to make founders investor-ready by exposing them to the investor ecosystem in India.

- IM2: Ignite the Momentum of Innovation to Market (IM2) Accelerator is a zealous 90 days’ programme. The programme received participation from 5+ startups which included Prakrika technology private limited, Azeedo, Nexyite, ML Green Projects Pvt Ltd, etc.

- The programme focuses on startups working in Medtech, Agritech, internet of things, cleantech, digital health, and future tech (AI/ML & AR/VR) space.

- Climate Launchpad: Climate Launchpad (CLP) is a 3-month accelerator programme and includes an intensive training programme by a European Union certified trainer, to introduce all modules to make the green idea into a business pitch. The programme received participation from 10+ startups such as Mavericks, EnLiGreen Innovations, EcoQuant, SunEmison, Envitek, etc.
**21 | ACCELERATION PROGRAMMES**

- **Acc Start**: This acceleration is conducted in association with INQ, Bangalore, and CSL, Bangalore. The event is focused on Odisha based startups that are at an early stage of development. The programme is a 4-week intensive training on the internet of things, augmented reality, and preparing startups to raise funds. The programme received participation from five startups.

**JHARKHAND**

- The state conducted an acceleration programme on business communication and training for entrepreneurs. To deal with the dynamic entrepreneurial ecosystem in the state, Atal Bihari Vajpayee Innovation Lab (ABVIL) has partnered with the US consulate general Kolkata through professional development courses.
- During the training, the participants learned about topics such as networking, negotiating, business cycle, business presentations, elevator pitches, and formal pitches. The programme focused on preparing the participants to deliver an organised and well-polished business pitch in front of a live audience. In this project, the specialist, Mr. Dieter Bruhn, worked with groups of 20 entrepreneurs for one week.

**22 | SEED FUNDING GUIDELINES**

**MAHARASHTRA**

- The government of Maharashtra has well-defined seed funding schemes namely the *Hirkani Maharashtrachi scheme* and *Fintech Corpus Fund* that outlines the eligibility criteria, the extent of seed funding, and application procedure for startups in the state.
- The *Hirkani Maharashtrachi* scheme has been implemented in 20+ districts across the state with a total budget of INR 25.19 crore per annum and more than 5,000 self-help groups (SHGs) and entrepreneurs have benefited from this initiative. Thus, the state has provided tremendous seed support assistance for startups present in the incubator to incubate innovative technological ideas and enabled them to graduate to successful commercialisation.
BIHAR

- Bihar’s startup policy lays out the process to access seed funding along with the support offered in various stages after the seed funding stage:
  - commercialisation stage and
  - scale-up funding stage.
- Following are the seed fund guidelines as mentioned in the startup policy of Bihar –
  - The extent of seed funding is INR 10 lakh per startup as an interest-free loan for ten years
  - An amount equal to 5% of the grant amount shall be contributed by the incubatee into the startup
  - The financial assistance shall be provided to startups for validation of the idea, prototype development, assistance towards traveling costs and carrying out field/ market research/ skill training/ marketing and initial activities to setup a startup
  - The application process is through the certification of the startup and submission of a proposal by the incubator.
  - The assessment is then made jointly by the incubation center and the Expert Committee

KERALA

- The state’s startup policy has clear guidelines for seed funding support. The innovation grant scheme and the seed support scheme detail out the eligibility, extent of support and procedure to avail the same.

**Seed Support Scheme**
- This scheme was introduced to provide financial assistance to startups to foster the formation and development of innovative, technology-based business enterprises. The scheme is implemented through KSUM.
- Seed support would generally cater to prototype/MVP stage financing for commercialisation of the indigenous ideas, innovations, and technologies.
- Preference is given to startups with the Department for Promotion of Industry and Internal Trade startup certification.
- The extent of funding under this scheme is:
  - The support is limited to INR 15 lakh. The startup will be examined before putting the matter up to the seed support expert committee for selection.
  - Startups requiring seed support for only capital equipment may not be encouraged

**Innovation Grant Scheme**
- This scheme was envisioned to provide financial assistance to startups and entrepreneurs to help them convert their innovative ideas to full-fledged ventures
- The following are eligible to apply under this scheme:
  - A student studying in Kerala
  - An innovator based out of Kerala
  - A startup registered in Kerala
- Various types of grants available under this scheme are:
  - **Idea Grant**: Limited to INR 2 lakh/idea, primarily for conversion of idea to prototype
  - **Grant**: Limited to INR 5 lakh/idea, to convert prototype to a Minimum Viable Product (MVP)
  - **Scale-up Grant**: Limited to INR 5 lakh/idea, to help innovators with an MVP to develop the initial market
  - **Research and Development (R&D) Grant**: Limited to INR 30 lakh/startup, given to highly promising hardware startups with a working prototype or IP which needs to be developed into a final product through extensive research and development
CHHATTISGARH

- The state has laid down clear guidelines for seed funding and has a reliable infrastructure in place to provide early-stage funding support to startups. The state's startup policy clearly outlines the eligibility criteria, the extent of seed funding, and the application procedure for startups to avail seed funding from the state. To promote seed funding opportunity to startups in the state, the State has set up a ‘Leap of Faith Revolving Fund (LoFR)’ and ‘36 Angel Fund (36AF)’ for supporting the startups through seed funding.

- The key constituents of the Leap of Faith Revolving Fund are:
  - An initial corpus of INR 10 crore has been set aside and handed over to the disbursal agency.
  - A maximum of INR 50 lakh limit has been kept for individual enterprise.
  - The state has also made provision that Invest committee members can become non-voting board members and can invest in startups, up to 25% of the equity but not acquire the startup for the duration of the loan.

- The key constituents of the 36 Angel Fund are:
  - An initial corpus of INR 10 crore has been set up wherein the investment from the fund would be sector agnostic and would ensure support to a broad mix of sectors in Chhattisgarh.
  - The fund’s co-investment in the startup would be restricted to 50% of the investment made by angel fund/ angel groups in that round of investing, subject to a ceiling of INR 50 lakh per individual enterprise.

ODISHA

- The state’s startup policy clearly outlines the eligibility criteria, the extent of seed funding, and the application procedure for startups to avail seed funding from the state. The state also has a reliable infrastructure in place to provide early-stage funding support to startups.

  - The state has established a strong support system for seed funding. Startups can avail seed funding in the form of monthly assistance of INR 20,000 for a year.

  - Also, recognised startups may avail subsidy benefit to the extent of 50% of monthly rental of the incubation space (subject to a maximum of INR 5000) for a period of maximum one year, if getting incubated at any of the incubators recognised by the Startup Odisha initiative.

  - Product development and marketing/publicity assistance up to a maximum of INR 15 lakh is available for startups.

  - Furthermore, the state encourages banks and other financial institutions to extend and enhance their lending facilities to startups and set up dedicated desks for startups in select branches for easy funding.

  - The state also encourages various seed capital funding agencies to forge strategic partnerships with industry/startup associations in the state.

  - In addition to the above, VAT/CST paid in Odisha by the startup companies shall be reimbursed as per the Industrial Policy 2015.

  - An “Odisha Youth Innovation Fund” has been proposed in the “Odisha State Youth Policy (OSYP) 2013” for promoting innovative entrepreneurship among the youth/startups of the state. Further, a “Youth Entrepreneurship Development Agency” (YEDA) will be established to also promote innovation among young entrepreneurs and providing mentoring support, market linkages, and facilitate soft loans through schemes and financial institutions. The size of the fund shall be INR 200 lakh funded by the state.
RAJASTHAN

• As per the provisions of the Rajasthan Startup Policy 2015, the state provides funding assistance to startups registered under Rajasthan’s iStart Programme.
• Funds have been provided by the Department of Information Technology & Communication, Government of Rajasthan which entails seed funding benefits for the startups through:
  - Sustenance Allowance: The extent of the funding provided under this funding support is a grant of INR 10,000/- per month for one year to eligible startups.
  - Seed Funding assistance: The assistance provided under this funding support is up to INR 2 lakh in the form of loan to eligible startups.
  - Marketing assistance: The assistance provided under this funding support is up to INR 10 lakh in the form of loan/convertible equity.

ONLINE SYSTEM FOR SEED FUNDING

MAHARASHTRA

• The state has a robust online application system for startups to avail seed funding wherein the state has an online tracking system, coupled with email communication for approvals for seed funding; thereby, simplifying the disbursement process.

BIHAR

• The state has a well-structured online system to avail of seed funding. The steps to avail the same are:
• To apply with the proposal, the applicant needs to login on http://www.startup.bihar.gov.in/Otp.aspx. The final recommendation is given by (SIAC) State Investment Advisory Committee for the release startup certificate and seed grant. The process can be tracked on the online portal whose screenshot can be seen below:
22 | ONLINE SYSTEM FOR SEED FUNDING

KERALA

• The state’s startup portal has a well-defined online system for startups to apply for seed funding. Entrepreneurs can create an account on the portal and can apply and track the status of their seed funding applications in real-time and obtain all necessary approvals for the same.

RAJASTHAN

• All benefits including sustenance allowance, seed funding, pilot assistance, venture fund, incubation support, partnership connect are available on the online portal. The portal is accessible and user friendly. iStart Rajasthan was conferred with the Silver Award for “Excellence in Adopting Emerging Technologies” at National e-Governance Awards 2019.
CHHATTISGARH

- The state has a robust online system in the form of its startup portal where startups apply for seed funding.
- The portal (http://36inc.in/accelerator/application_form.php) allows startups to register and submit their application for seed funding through the online portal of 36INC with relevant documents. Startups can access the forms, guidelines, and documents from the 36INC Web Portal.

- The startup application can be tracked online at the portal (http://36inc.in/funding_report/login_easy_nirman.php) and also by reaching out to the designated Manager or the Chief Executive Officer (CEO).

- Status of the approvals is communicated online at the portal (http://36inc.in/funding_report/dashboard_easy_nirman.php).

ODISHA

- The state has a robust online system in the form of its startup portal where startups can apply for seed funding.
- The portal allows startups to submit their application for seed funding online along with relevant documents. Startups can track the application on the portal and obtain subsequent approvals online.
24 | SEED FUNDING BENEFICIARIES

MAHARASHTRA

• The state has provided seed funding support to 60+ unique startups through grants and reimbursements. The startups were supported by Mumbai Fintech Hub between 1st May 2018 – 30th September 2019.

BIHAR

• The state has provided seed funding to 70 startups among which five are women-led startups.

KERALA

• The state government has supported more than 240 startups through seed funding.

RAJASTHAN

• The state has published a detailed list of startups availing seed funding in the state. Disclosure of such information improves transparency and instills confidence in the state’s startup ecosystem.
• Benefits have been disbursed to 55+ beneficiary startups with direct funding under the provisions of Rajasthan Startup policy 2015.

CHHATTISGARH

• The government has supported 13 startups through seed funding in a mix of sectors such as IT, Healthcare, and Electronics.

ODISHA

• The state government has provided seed funding to 91 startups.
• The government provides seed funding support in the form of monthly assistance for a year. In addition, it offers financial assistance for product development and marketing.

25 | SUPPORT TO VENTURE FUNDS

MAHARASHTRA

• The state government has sanctioned state social welfare fund with a huge corpus of INR 116 crore to promote state entrepreneurial talent and to provide them with a vigorous startup ecosystem. Nine unique startups ventures have received funding.
KERALA

- The state has taken key steps to support venture funds by establishing clear guidelines for Alternate Investment Funds (AIFs). The guidelines highlight the evaluation criteria, eligibility, and the application procedure for applying to such funds. Currently, the state has extended support to four venture funds:
  - Unicorn India ventures
  - Sea Funds
  - Indian Angels Network fund
  - Special Invest fund
- The state has established clear operating guidelines for selection of Securities and Exchange Board of India (SEBI) accredited AIFs. As part of the guidelines, the state invites proposals from SEBI registered AIFs, with the evaluation being undertaken in two stages -- technical and financial evaluation.
- The recommended funds are required to give a presentation, post which they are given a final approval.

GUJARAT

- **GVFL Startup Fund**: The fund focuses on highly scalable innovative business models across sectors that use technology as an enabler or differentiator and are backed by credible teams. The fund makes equity and quasi-equity investments in startups through a sector-agnostic approach.
  - The fund has a target corpus of INR 250 crore (including INR 50 crore green-shoe option). The government of Gujarat has intended to invest a total of INR 75 crore in the Fund. The investments are made in early growth stage startups with a potential for major growth within the investment horizon of 4-5 years.
  - The investment from the fund is in the range of INR 2 crore to INR 20 crore in single or multiple rounds as per business needs. The median investment is in the range of INR 10 crore to INR 15 crore
- **Gujarat Biotechnology Venture Fund**: The fund identifies startups, early-stage and existing companies in areas of Biopharma, Agri-Biotech, Contract Research, Industrial Biotechnology, and other potential areas in biotechnology. The fund has invested in four companies and exited from one.
- **Gujarat IT Fund**: The fund invested into 10 companies and exited from four out of the same.

RAJASTHAN

- Venture fund initiatives by the government of Rajasthan
  - **Techno Fund**: The state has introduced the INR 500 crore fund to ensure robust growth in the investment infrastructure/substructure. The fund is completely state-operated.
  - **Rajasthan Venture Capital Fund (RVCF)**: The fund was established as the state’s first venture capital fund under Rajasthan State Industrial Development and Investment Corporation (RIICO), a Government of Rajasthan Undertaking. RIICO is both fund subscribers and investors in the fund.
  - **INVENT is a flagship multi-faceted funding Programme of Startup Oasis**: INVENT is managed by a group of experts for fund management. The group comprises of the Internal Investment Committee
  - **Angel Network**: Government of Rajasthan is well connected to many startup enabler networks including renowned angel networks such as Rajasthan Angel Investor Network

JHARKHAND

- The state intends to setup various venture capital funds in the state for promoting startups with innovative concepts in sectors such as MSME, IT & ITES, Biotechnology, Energy and clean technologies etc. The funds shall enable startups to expand, create job opportunities, and contribute to the growth of the state.
- The Startup policy of the state highlights that the state would pool a fund of INR 250 crores in phases over the next five years, starting with INR 50 Crores in the first year leading to the creation of Jharkhand Venture Capital Fund and a separate corpus of INR 50 Crores for promoting entrepreneurship in the state and developing infrastructure under Jharkhand Entrepreneurship Development Fund.
- The state has signed an MoU with Gujarat Venture Finance Limited for creation and asset management of Jharkhand Startup and MSME Fund in accordance with Jharkhand startup policy.
STARTUPS FUNDED FROM VENTURE FUNDS

KERALA

- Currently, the state has tie-ups with four SEBI registered (AIFs) Alternate Investment Funds

<table>
<thead>
<tr>
<th>Fund</th>
<th>KSUM’s commitment (INR crore)</th>
</tr>
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<tbody>
<tr>
<td>Unicorn India Ventures</td>
<td>20</td>
</tr>
<tr>
<td>Indian Angels Network</td>
<td>15</td>
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<tr>
<td>Special Invest Fund</td>
<td>4</td>
</tr>
<tr>
<td>Exseed Electron Funding</td>
<td>20</td>
</tr>
</tbody>
</table>

- KSUM- Kerala Startup Mission
- The state government has 4 venture funds out which 2 are SEBI registered funds. There are a total of 10 startups that have benefitted from venture funding support with INR 20 crore disbursed.

MAHARASHTRA

- The state has maintained a list of the state’s startups availing and in-receipt of venture funding or funds from the government. The list also cites details on the amount of funding received by the startups and the date of disbursement.
- The government has established Maharashtra State Social Venture Fund (MSSVF) as an Alternative Investment Fund (AIF), where Small Industries Development Bank of India (SIDBI) Venture Capital Limited is the designated investment manager.
- Through MSSVF, nine unique startups have been provided funding in the state.

GUJARAT

- The state government has supported more than 100 startups through its funds. In the period of consideration, funds worth INR 20 crore has been disbursed to 4 startups.

RAJASTHAN

- The state has strongly backed the venture funds to encourage startups to avail various benefits from the funds. The state has deployed startup-friendly measures across its funds, such as, offering the first level of evaluation of proposal in online mode and providing easy funding options in the form of either loans or equity.
- The state has funded 32 startups through venture funding support with over INR 6 crore disbursed with an average investment close to INR 20 lakh.

KARNATAKA

- Karnataka has set up a dedicated fund by the name (KITVEN) Karnataka Information Technology Venture Capital Fund 4 (AVGC) to assist startups in the field of animation, video, gaming, and comics. The fund undertakes investment in the range of INR 50 lakh to INR 100 lakh per company during the initial stage which can go up to INR 2 crore per company at a later stage. The state submitted a list of startups that have been funded by the following Fund of Funds–
  - Karnataka Semiconductor Venture Capital Fund (KARSEMVEN)
  - Karnataka Information Technology Venture Capital Fund 3 Biotech
  - Karnataka State Financial Corporation (KSFC)
The state implemented the first-ever Student Startup and Innovation Policy in 2017 to assist young innovators from the state. Through funds received under this policy, the education department of Gujarat conducted more than 60 bootcamps spread across 33 districts.

- Such entrepreneurship-focused programmes enable students to learn crucial life skills such as problem-solving, teamwork, and empathy.
- The bootcamps primarily focused on ideation sessions, mentor workshops, pitching sessions and benefits under startup India.
- Special women-focused bootcamps were also conducted to inculcate entrepreneurial skills to strengthen women entrepreneurs both in rural and urban India.

A total of 18 bootcamps were organised in 36 districts of the state with 14 of the bootcamps being part of the Startup Yatra.

- A few highlights were the Akola district business plan competition in March 2019 with 70 startups and incubators, the Nagpur innovation fest in August 2019 which saw the participation of over 1000 students, sessions for Startup Yatra winners at E-Summit, IIT Bombay and the Mumbai Fintech Hub Bootcamp series.
- 36 districts in the state were a part of the bootcamp initiative highlighting the widespread adoption of the initiative by the Maharashtra government.

12 bootcamps have been organised across colleges by Startup Oasis. It conducts bootcamp sessions at regular intervals of time in academic institutions spread across the state as training programmes to provide hands-on experience of entrepreneurship with an understanding of business models to have refined ideas. The events were conducted in universities across cities such as Jhalawar, Kota, Udaipur, Jaipur, Jodhpur, and Bharatpur reaching student innovators at the grass-root level.

The state has performed well in fostering entrepreneurship through bootcamps.

- More than 30 bootcamps were organised covering 30 districts of the state. Some of these are Mokovation 2.0 bootcamp at KIIT University in Bhubaneshwar; E-start bootcamp at IGIT university, Sarang; E-start bootcamp at SUIIT university, Sambalpur; Bootcamp at Sonepur College, Sonepur; Bootcamp at Aanchal College, Padampur; Bootcamp at Rajendra College, Balingr; Bootcamp at NIIT, Rourkela; Bootcamp at Ravenshaw University, Cuttack; Bootcamp at GIET university, Gunupur and E-start bootcamp at Model Degree College, Navagarh.
- Most of these events had an ideation workshop, a mentoring workshop conducted by a successful entrepreneur and a Startup India session on availing various benefits and incentives.

The state has conducted more than 150 bootcamps. Eight of the bootcamps were a part of the Startup Yatra Programme which was held in November 2018 covering 22 districts of the state. The yatra experienced a footfall of more than 2,000 people across the eight bootcamps with participation from more than 300 teams winning a total of INR 10 lakh in prize money. Some of the bootcamps conducted were Foundational Skills in Entrepreneurship, Design Thinking Workshop, Product Design and Development, Technical Training Programmes and Inspire Event 2019.
27 | BOOTCAMPS

KARNATAKA

- The total number of bootcamps conducted in the state were 30 out of which 27 had the participation of over 100 students and were conducted for more than eight hours.
- **E-Step**
  - E-Step is operational under KITS and acts as the single point of contact and a facilitating body to promote the Karnataka Startup Ecosystem.
  - Under the E-step initiative, various bootcamps and mentorship workshops are conducted by various industry partners, startup founders, policymakers, and technical experts to explain the basics of entrepreneurship to the students.
  - The government of Karnataka conducted bootcamps for students of the New Age Incubation Network (NAiN) colleges under the startup policy of Karnataka.
  - Under the first phase of E-Step, day-long bootcamps were organised in 30 New Age Incubation Network Institutions across 19 out of 30 districts of the state.

28 | HACKATHONS OR GRAND CHALLENGES

GUJARAT

- Gujarat has focused on its technology talent and conducted hackathons to put data to better use in a way to crowdsource business ideas and solutions to specific problems. In these hackathons, students across various universities made meticulous efforts to solve technical and digital challenges shared by SMEs, large industries, corporate and public sector enterprises.
- More than 10 Hackathons were organised in Gujarat by the Higher & Technical Education Department across various institutions and incubators. Some of these are Gujarat Industrial Hackathon, Auro University, Surat; Gujarat Industrial Hackathon, BVM, Anand; Gujarat Industrial Hackathon, IITRAM, Ahmedabad; Gujarat Industrial Hackathon, Marwadi University, Rajkot; Gujarat Industrial Hackathon, PDPU, Gandhinagar; Student Open Innovation Challenge, iHub, Ahmedabad; EarthXHack, iCreate, Ahmedabad; CRIDAH Youth Connect 2019; Smart India Hackathon 2019; Dewang Mehta IT Hackathon; Biothon 2018 and Let’s Hack 2019.
- The Education Department of Gujarat has taken numerous initiatives to design and develop innovative processes across its affiliated colleges and universities.

MAHARASHTRA

- The state has organised one hackathon/grand challenge to identify innovative technological solutions and for supporting entrepreneurs in building these solutions as a viable product or service offering.
- The Mumbai fintech ‘HackM’ was organised as a part of the Mumbai Fintech Festival in 2018 to bring together students, developers and designers to develop innovative solutions for emerging technology adoptions in Fintech, Govtech, and Regtech.
RAJASTHAN

There were two hackathons supported by the state government of Rajasthan:

- **Online hackathon**: The first-ever “Code-From-Home” online hackathon was organised as part of the Challenge for Change – a flagship contest by Rajasthan’s Department of Information Technology and Communications. The winners were awarded an all-expense-paid entry to Rajasthan Hackathon 5.0.

- **Hackathon 5.0**: The event was a 36-hour duration hackathon with 24-hour of the non-stop coding marathon. The event was mentored by subject matter experts offering brilliant coders, developers & designers an excellent platform. The winners were awarded prizes worth INR 32.5 lakh along with an exclusive opportunity to work with the Government of Rajasthan. A total of 3,000 people participated in the hackathon.

ODISHA

- The state has carried out more than five hackathon/grand challenges events where at least one problem statement was posed to startups and the events had participation from at least 100 startups/students. Furthermore, all these events were conducted for at least 48 hours for a hackathon or seven days for a grand challenge.

KERALA

- The state conducted 10 hackathons/grand challenges. Some of them were:
  - **IBM Call for Code Kerala**: A two-day hackathon that saw innovative technology solutions for solving crises that arise at the time of floods. It was hosted by Kerala State Disaster Management Authority along with IBM and attended by 25 startups.
  - **Singularly global impact challenge**: The seven-day programme saw participation from 25 startups.
  - **Kasarcode Hackathon**: The event lasted for over 50 hours and saw participation from 10 successful startup founders.

KARNATAKA

- During the months of November-December 2018, the Department of IT & BT, Government of Karnataka conducted a Virtual Global Hackathon titled ‘Bengaluru Tech Summit (BTS)’ in collaboration with Global Innovation Alliance Partners and Startup Innovation Hubs from across the globe. The 2018-19 theme of the Hackathon was ‘Innovation & Impact’.

- The mission of Bengaluru Tech Summit (BTS) Global Hackathon was to create technology solutions and initiatives that contribute to the social impact BTS Global was initiated to address the challenges faced in the sectors, namely Healthcare, Water, Agriculture, Transport, Waste, etc.

TELANGANA

- The state has organised 3 hackathons. Hackathons conducted by the state identifies innovative technological solutions and supports entrepreneurs in building these solutions as viable products or service offerings. Over the period of consideration, there have been more than 975+ beneficiaries of this initiative.
GUJARAT

• The investor community in Gujarat has taken active participation in helping innovative ideas from the state develop further. The state is equipped not only with many investing organisations but also angel investors.

• The government has made free access available for seminar hall with a facility of projector and internet connectivity for startups. This increases interaction between angel investors and startups. The locations are iCreate – GMDC Campus, Ahmedabad; Gujarat University Startup & Entrepreneurship Council (GUSEC), Ahmedabad; Savli Bio- Incubator, Vadodara; Innovation and Incubation Centre, Gandhinagar; R.K University, Rajkot and Startup Cell, Gandhinagar.

• More than 350 startups got a chance to participate in the angel investment workshops conducted by the government in association with industry partners. Workshops included Angel Investor Meet 2019, Empresario 2019 – Angel Investment Workshop, Finding the Funding, Highway to A 100 Unicorns: Microsoft for Startups, Investment101, Investor Connect 2018, PitchDeck101, Venture Leap 2019, VGSTS 2018 – Angel Investment Workshop

• Some of the investors who were part of these workshops were Z-Nation Labs, Ah! Ventures, India Angel Networks, Lead Angels, Venture Catalyst, Unicorn Adventures, Acumen, Mumbai Angels, Tipping Point, Individual Angel Investors, Nasscom, Exactly, Manthan Software, GVFL, Blume Ventures, Venture Catalysts and Ivy Cap Venture.

MAHARASHTRA

• The state organised an ‘angel investment workshop’ during Maharashtra Startup week in 2019 attended by 20 VC/angel firms and 53 startup participants. In this session, startups were offered a stall space to display their products and VCs/ Angels/Corporates were taken around the hall to interact with startups, hear their pitches and provide them personalised feedback on products, suitable market, team, investments and create leads for possible investments in future.

RAJASTHAN

• The state conducted several events to stimulate the angel investments in the state which included The Rajasthan Angel Investor Pitch 2019, Introduction to Rajasthan Venture Capital Fund (RVCF), Venture Garage’s Find Your Investor 2018, Investor Clinic and Innocity Booster and Pitch.

ODISHA

• As part of its initiative to promote angel investment funding, the state has carried out five angel investment workshops to connect angel investors/HNIs/angel networks with startups. In most of these events, at least 2 angel investors participated and at least 25 startups participated. Some of these events are Investor meet in association with TIE in Bhubaneswar, Investor meet at KIIT technology business incubator in Bhubaneswar, Investor connect event organised in association with KIIT-TBI and Startup Buddy, Startup luminescence 2019, Investor cum mentor connect at Bhubaneswar, etc.

KARNATAKA

• The state in association with the Internet and Mobile Association of India, conducted a Mobile 10x event. The event consisted of interactive sessions such as fundraising, investment, and pitching sessions, among others. The partners which organised 5 pitch days and various interactive sessions at Mobile 10x were Rebright Partners, Hyderabad Angels, Indian Angel Network, and Let’s Venture. More than 30 startups participated in the Mobile 10x event and the list has been provided. The participation was lower than 50.

• Karnataka provided the following benefits to both registered angel investors and Startups from the Startup Karnataka portal –
  - Connection between investors and startups in the state
  - Free entry to all startup related events of the state
KERALA

The government of Kerala organised several angel investment events for the startups:

- **Elevate for startups**: The state organised the Startup Investor Education Programme in the field of computer hardware, robotics, healthcare, and rural sectors.

- **Investor Café**: The investor meet provided a platform for the startup companies looking for funds to meet the angel investors and venture capitalists to raise investments. More than 200 unique meetings were conducted between startups and investors for six months.

- **Kerala Investor Summit**: The seed funding Summit was organised in association with Kerala State Industrial Development Corporation (KSIDC) co-hosted by ‘Lets Venture’ in Kochi. The funds present were Kae – Capital, Arali Ventures, SEA Fund, Astarc Ventures, Equanimity Investments, Startup Xseed Ventures LLP, WEH Ventures, Sprout Venture Partners and Special Invest.

- **Commune**: The state organised a meet for funded startups to facilitate interaction between entrepreneurs and the promoters of funded startups. It was attended by professionals of funds such as Sea Fund, Unicorn India Ventures, Ivy Cap Ventures, etc.

- The state organised an Angel Investment Education Programme called **Ignite**.
### GUJARAT

- The state has conducted more than 20 national/international events. Some of these events are:
  - National Business Plan Competition
  - International Planetarium Society Conference (IPS 2018), Toulouse, France
  - Downselect Competition – IIGP
  - Workshop on Social Entrepreneurship
  - Women Entrepreneurship and Empowerment Mentorship Programme, WEE Foundation
  - Vibrant Gujrat Startup and Technology Summit 2018
  - Energy International 2018
  - ACEIS Plus Med-Tech 2018
  - ARTECH

- Marketing assistance for outreach events
  - Government of Gujarat provides marketing assistance up to INR 10 lakh to Startups for attending national and international events. Also, if a startup participates in an international event, it can avail benefits under existing schemes of Industrial Policy, subject to fulfilling the required criteria.

### MAHARASHTRA

- The state has supported its startups for participating in four national/international events. The support to startups has been in the form of grants, reimbursement for travel, accommodation, or registration. The support provided by the state is mainly to encourage the participation of startups in national/international events.

- The national/ international events include knowledge exchange, seminar or workshops, pitching sessions --- helping in fostering innovation, and developing skills among the entrepreneurs.

- Additionally, with support from the Maharashtra government, innovative fintech startups were selected from a list of 60+ startups registered with the Mumbai Fintech Hub to take part in the Singapore Fintech Festival which drew close to 45,000 participants from over 130 countries.

### RAJASTHAN

- The state has supported startups for participation in 21 national/ international knowledge exchange seminars/ workshops. Some of the events were:
  - National Tourism Conclave, Jaipur
  - Entrepreneur 2018, New Delhi
  - DigiFest Bikaner, Bikaner
  - Rajasthan Student Startup Exposure Programme, Silicon Valley, USA
  - BNI Business Conclave, Udaipur; The Great Indian Travel Bazaar (GITB), Jaipur
  - Startup Choupal, Jaipur
  - Innovate to Inspire, Jaipur
  - Rajasthan Rural Energy Startup Summit, Jaipur
  - Rajasthan Digitech Summit 2019, Jaipur
  - Pre-Budget interaction of startups with Honorable CM, Jaipur
  - MSME Policy Discussion, Jaipur, etc
30 | NATIONAL OR INTERNATIONAL EVENTS

ODISHA

- The state provides financial support to state recognised startups for participating in reputed national and international events. The support includes travel allowance and free space in the exhibition stalls set up by the state government.
- The state has supported startups in Odisha for participation in more than 5 national/ international knowledge exchange seminars/ workshops. Some of these events are Startup Expo 2018
  - Pragati Maidan – More than 10 startups received support for this event;
  - TIE startup Expo 2018 – More than 10 startups received support for this event
  - Make in Odisha 2018 – More than 15 startups received support for this event
  - Odisha MSME International Trade Fair 2019 – More than 35 startups received support for this event
  - Startup Expo 2019 – More than 5 startups received support for this event

KERALA

- The state-supported startups participated in more than 10 national and international events. KSUM had published guidelines for national exposure in May 2019 which provided reimbursement of travel costs incurred by startups to attend national and international events. Some of the events that the state provided support for are Digital Business World Congress (DES) event held in Madrid, Spain; Gitex Future stars event held in Dubai, UAE; The consumer electronics show in Las Vegas, USA, etc

KARNATAKA

- The state has set up the Karnataka Unit for International Cooperation (KUIC) for handling all international partnerships. KUIC has been instrumental in collaborating with international partners and strengthening Karnataka’s startup ecosystem. Various Global Innovation Alliances (GIAs) have been established with innovative economies of the world. A professional consulting firm has been entrusted to implement the activities of KUIC to boost the startup ecosystem.
- The Government of Karnataka provides support in the form of grants, reimbursement, allowance, sponsorship for startups to participate in events. The application procedure for availing the assistance is provided in the operational guidelines which can be accessed from the startup portal. The operational guidelines of the startup policy explicitly mention the details on the eligibility, selection process along with the support and assistance provided for national and international events.
- Karnataka conducted the following events:
  - InnoTrek 2018 – San Francisco
  - Global Innovation Alliances (GIA): Tech Engagement – The Netherlands
  - BIO International Convention, Boston
  - EU-India Incubators and Accelerators Network
  - GIA Tech Engagement – Switzerland
  - BIO International Convention
CONCLUSION

The State/UT Startup Ranking Exercise has brought a drastic change in terms of the overall approach of entrepreneurs in the states. Given the incentives offered by the state governments, local entrepreneurs prefer to utilise the state government’s incentives & schemes thereby not only increasing the contribution to the local employment, but also supporting in boosting the states’ GDP.

The State/UT Startup Ranking Exercise not only stimulates state governments but also creates a metric for investors to better identify ideal investment destinations. Association with the government offers credibility to the registered startups and increases their chance of funding. Some of the state governments have been aggressively working upon offering preference in the procurement of goods and services from local startups.

Each state adopts several strategies depending upon the state’s thrust sectors and the entrepreneurial zeal in the state. Infrastructural support is offered by establishing nodal agencies, incubation centers and a network of experienced mentors to guide the entrepreneurs.

The second edition of State Ranking Framework by Department for Promotion of Internal Trade and Industry (DPIIT) has seen an encouraging participation from States and Union Territories across the country. States have undertaken considerable initiatives and policy changes over the past couple of years in providing the much-needed impetus to the startup ecosystem. This can be gauged by the exponential rise in number of states employing a startup policy - 29 states and Union Territories now have a clear, dedicated startup policy in place. Not only do the multitude of policies act as a guiding document for startup ecosystem growth in states but they also constitute the vast number of incentives accessible to startups.
The initiatives by the States have benefited a large pool of startups all across the country. The revolutionary change created by this initiative is a testament of its far-reaching impact across the startup ecosystem of the country. The State/UT Startup Ranking Exercise aims to accentuate the growth of the startup ecosystem by bringing significant changes in the type and range of initiatives for startups across the country.

Last years’ ranking exercise has made apparent that when the Centre and States work together, the value added to the ecosystem is unparalleled.

To acknowledge the evolving needs of a dynamic ecosystem, learnings and feedback from previous years’ ranking exercise were also incorporated in this years’ framework. To establish uniformity and ensure standardization in the ranking process, States and UTs are divided into Category-X and Category-Y, wherein the Y category entails all UTs, except Delhi, and all states in North East India, except Assam; Category X contains all other states.

The effectiveness of the State Ranking Framework is driven by its focus on feedback collection, in an endeavour to acquire a multidirectional view of state intervention. Of the overall score attributed to States and UT’s, 76% was based on the feedback collected from beneficiary startups. A total of 60,000 calls were made in 11 different languages to collect feedback from the beneficiary startups.

The ‘State/UT Startup Ranking Framework’ 2019 was spread across 7 areas of intervention with a total of 30 action points, as compared to the 38 action points in the previous State Ranking Framework. The key insights from ranking exercise are as follows:

Women led businesses have proactively been incentivised by many states. Also, 19 states offer special incentives to startups, in the form of additional grants or subsidies over and above the range of incentives offered to startups in general. Incubation infrastructure and mentor networks have gained momentum in a multiplicity of States, in order to provide the requisite support to early stage businesses.

22 state governments have set-up/ upgraded more than 300 incubators across the country, wherein more than 7200 seats have been allocated to startups. These incubators have been set up in universities, academic institutions, Government offices and private institutions. 19 State Governments have also built a pool of approximately 2000 registered mentors across the country. Registered mentors include university or college professors, domain experts, legal experts, Government officers, venture capitalists, consultants, businessmen, entrepreneurs, and technology experts.

An exponential rise has been prevalent in the seed funding landscape in this years’ State Ranking Exercise. More than 1300 Startups have been supported by seed funding from State Governments. Seed funding is given in the form of grants to incubators, interest subsidy on loan, interest free loan, reimbursement of subsidy on lease rental and funds as monthly sustenance allowance, product development assistance and/or marketing assistance.

In addition to seed funding, 10 States have created Venture Funds or a Fund of funds and 218 startups have been provided with venture funding support. Various initiatives adopted by States include matching the contribution made by investors, providing a percentage of angel investment as success fee to Startup and creating partnership with agencies to do workshop for creating awareness among HNIs and other potential investors.

Apart from funding, other critical areas for Startups are complex regulatory issues and public procurement. Both Central and State Governments have taken efforts to simplify regulatory issues. Working in tandem with the Central government, 20 States have introduced a total of 36 amendments in rules, regulation or Acts for supporting startups.

In case of public procurement, the Central Government has taken the lead in relaxing conditions of prior experience and prior turnover for startups. The Government eMarketplace (GeM) is a clear exemplification of all DPIIT recognized startups being given the platform to list their products and services to be privy to all public and private work orders. The portal provides exemption to Startups from criteria of ‘prior experience’, ‘turnover’ and ‘submission of EMD’ to provide equal opportunity to young entrepreneurs. Interestingly, the GeM portal itself is managed by a Startup. Notably, a significant number of states have relaxed such conditions for startups.

States have also been active in increasing the awareness and outreach for all the stakeholders in startup ecosystem, by conducting regular national and international events for exposure of startups. This year, 260 bootcamps and 30 hackathons/grand challenges have been supported by state governments across 22 states/UTs. The state governments have supported the participation of startups in more than 130 national and international events conducted across the world.
While conducting the assessment exercise and interacting with States, some of the major challenges highlighted were access to funding and the need for simplification of regulations, specifically for disruptive technologies. In ensuring the inflow of capital for continued support to startups, states have led a variety of measures and policy action points. Furthermore, multiple endeavours have been undertaken to simplify regulations in the state.

The intended objectives of the evaluation exercise operate both on a group as well as individual level. They range from stimulating healthy competition among states to clearly identifying and assessing respective startup ecosystems. This years’ exercise helped in identifying some of the best practices across different States and UTs. It also helped in identifying unique initiatives adopted by States in creating conducive environment for all players in the Startup ecosystem. The learnings and best practices captured in this report aim to aid other States in identifying key priority areas to strengthen their respective startup ecosystems.

As part of this collective initiative, the Centre and States would need to work together and build required infrastructure, dedicated system, pool of intellect and financial resources for all age groups across the country. In a rapidly growing technological era, there has arisen a need to incorporate digitization across all state administrations. The aim of digitization is vast and builds on objectives of cost reduction and an increase in remote productivity. The processes discussed are also eased by minimisation of human error in the collection or disbursement of data.

Understandably, the adoption of technology for the ranking exercise has a high amount of application possibilities. Areas of application range from registration and tracking of schemes, transparent grievance redressal systems, modes of virtual mentorship among remote benefits to startups as well as state/UT governments. An online database may also propagate deeper decentralization – aiming for a citizen run ecosystem.

Moving forward, governments would have to invest heavily in Research & Development (R&D) and upcoming technologies, to ensure first mover advantage and build further on their competitive value addition to this exercise. It is expected, with a conducive environment, security, intellectual and financial support, budding ideas may be given a chance to solve the nation’s biggest challenges that include but are not limited to issues like, air and water pollution, industrial waste (dumping), healthcare access and education reach etc.

State Startup Ranking Framework 2019 is an effort to identify key actions undertaken by various States to help and scale up Startups and related ecosystems. It is also an opportunity to recognize and acknowledge relevant departments of the States and UTs that have worked consistently in this mission to make India a thriving Startup nation.

To facilitate continuity in the exercise that has led to immense growth of startup ecosystem on a micro and macro scale, the State Ranking Framework 2020 is underway and is rooted in the learnings through the course of the 2019 Ranking. The new framework takes into account the feedback received by the participating states for this years’ exercise. As India moves ahead, we need to push our boundaries, set a brave vision and take robust actions to overcome inherent challenges of the past. To further this endeavour, the next framework delves deeper into policies and incentives and builds on comprehensive accounts of states in the process of the State Ranking Exercise 2019. State Ranking Framework 2020 aims to address challenges, comprehensively incorporate feedback and portray the all-encompassing growth trajectory on a state and national level.
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