



GOVERNMENT OF INDIA  
MINISTRY OF COMMERCE & INDUSTRY  
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION

#startupindia

# Goa

## Emerging State

### State Startup Ranking Exercise 2018

December 2018

# Table of Contents

1. Overview of State Startup Ecosystem .....	3
2. Snapshot of State Performance .....	5
3. Pillar-wise Assessment .....	7
3.1 Startup Policy and Implementation .....	7
3.2 Incubation Support.....	11
3.3 Seed Funding Support .....	12
3.4 Angel and Venture Funding.....	13
3.5 Simplified Regulations .....	14
3.6 Easing Public Procurement .....	16
3.7 Awareness and Outreach.....	18

# 1. Overview of State Startup Ecosystem

Goa has performed commendably well in the State Startup ranking exercise 2018. The State launched its Startup policy in 2017 to accelerate the development of Startup ecosystem. These efforts have been well recognized and State of Goa has being acknowledged as an **'Emerging State'** in the **State Startup Rankings 2018** conducted by Department of Industrial Policy and Promotion, Government of India.

Some of the key facts associated with the Startup initiative of the State are as follows:

1. Government of Goa **launched their Startup policy in 2017**. The vision of the policy is to make Goa an aspirational geographical and human resources base for high value Startups. The State will also endeavor to create at least 100 successful Startups in Goa in the next 5 years.
2. Nodal department for Startup is **Department of Information Technology, Government of Goa** and Nodal officer for Startup is **Secretary of the IT Department**.
3. Startup portal [startup.goa.gov.in](http://startup.goa.gov.in) is available with following services:
  - Startup registration
  - Learning and development programs
  - Mentor connect
  - Investor connect
  - Information on various policy incentives
4. **Government of Goa** has appointed a **nodal team with 6 members** for supporting the development of Startup ecosystem in State. The team composition is as follows:
  1. Secretary (IT)
  2. Director (IT)



3. Deputy Director (Technical)
4. Network administrator
5. Software engineer
6. Consultant from Startup promotion cell

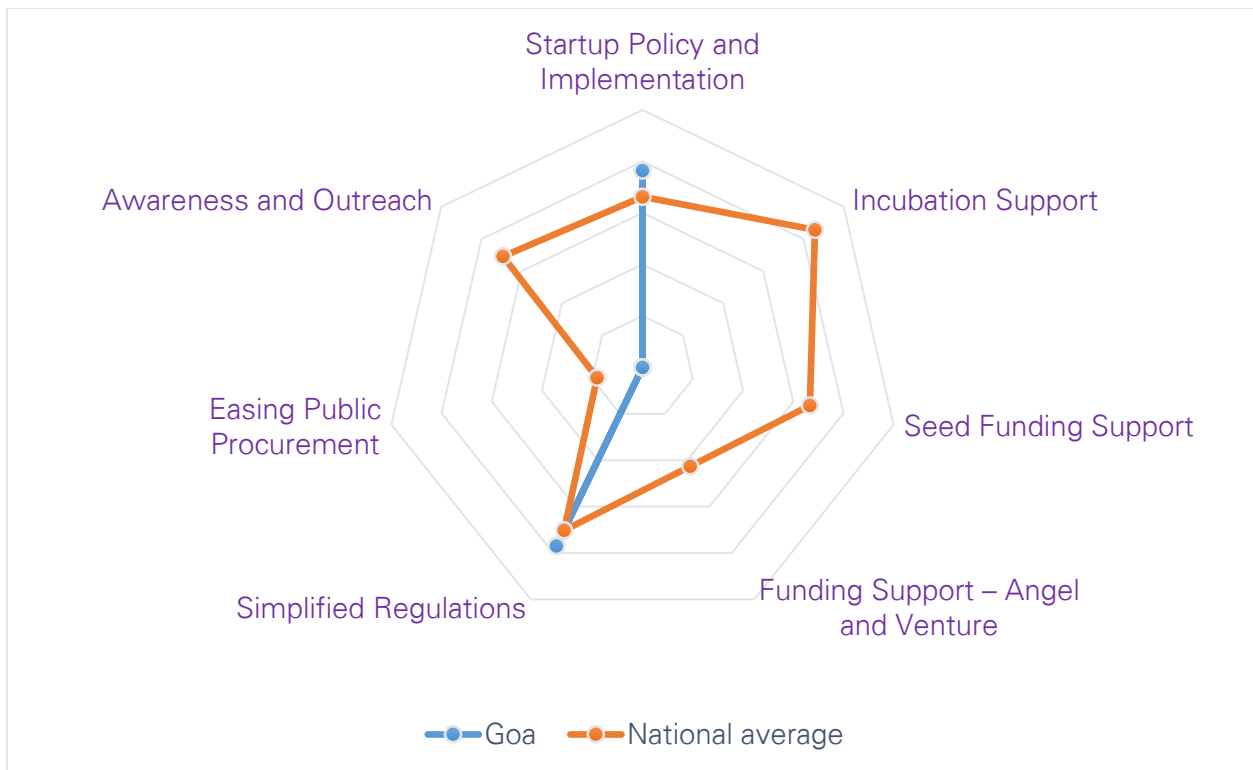
### KEY HIGHLIGHTS OF THE STATE

- ✓ State has established a dedicated helpline 1800115565 to resolve queries from Startups
- ✓ Mentor network of more than 100 mentors



## 2. Snapshot of State Performance

The spider web graph below details the Goa's implementation status on each of the 7 pillars of assessment, in comparison to the national average.



Each of the 7 pillars of ranking framework form individual axes and the overall performance of the State in each pillar has been indicated on respective axes. Brief analysis of Goa on above chart is provided below.

State Government has performed exceptionally well in 2 pillars namely 'Startup Policy and Implementation' and 'Simplified Regulations' as compared to national average.

In 'Incubation Support', 'Seed Funding Support', 'Angel and Venture Funding', 'Easing Public Procurement', 'Awareness and Outreach' pillar, State performance is below par when compared to its peers. State's performance has not been up to the national average. The State may prioritize initiatives or policies in providing support in abovementioned pillars. Some of the good practices may be referred to improve overall performance in the next round of ranking.

Above performance has contributed to the State's positioning as an 'Emerging State' in the ranking exercise. Detailed analysis of the State performance in each pillar has been provided in following chapter of this report.

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## 3. Pillar-wise Assessment

### 3.1 Startup Policy and Implementation

Startup Policy and Implementation covers the basic information related to Startup ecosystem such as Startup policy, nodal department, nodal officer, information wizard and mentors in the State. Additionally, it also verifies whether such details are available online for Startups. The State is also expected to develop online systems for registering Startups under the State Startup initiative and to allow Startups to avail all the policy incentives online through a single-window.

#### Key Strengths

- **Startup Policy**

Government of Goa formulated and notified Goa Startup Policy 2017 on 28<sup>th</sup> September, 2017. The State has laid following objectives to as part of the policy:

- To invite the best entrepreneurial minds to make Goa their professional base, and thereby build a robust Startup eco-system in the State
- To endeavour to create at least 100 successful Startups in Goa in the next 5 years, targeting generation of employment for at least 5000 Goans
- To develop minimum 2,00,000 lakh sq. ft. area for technology innovation and incubation centres
- To facilitate creation of dedicated funds for providing various types of support and impetus to Startups:
  1. Idea to P-o-C (Proof of Concept) Fund
  2. Seeds Capital Fund
  3. Working Capital Fund
  4. One-time Grant Fund

5. Research and Development Fund
6. Student Innovation Fund
7. Skill Development Fund

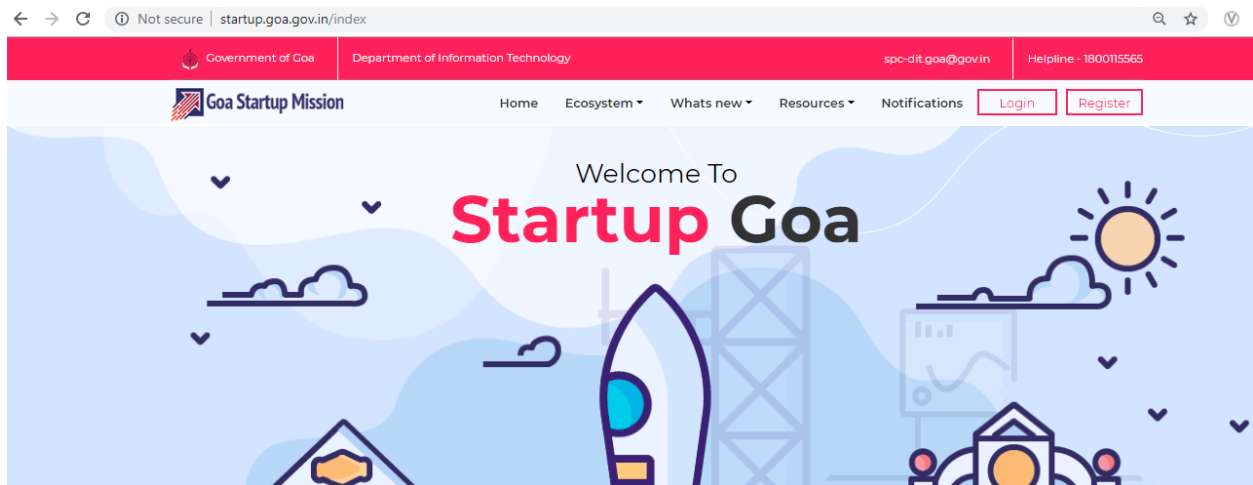
- **Innovation Society**

State Government has constituted Goa State innovation council to promote innovation in the State. The society was constituted with an objective to create new affordable opportunities in key areas such as Health, Agriculture, Education, Energy, Transport, Housing, etc. The innovation council has undertaken activities including bootcamp and Goa Idea and Innovation Competition (Gi2C) 2015 to promote creativity and entrepreneurship in the State.

- **Dedicated Startup portal**

The State has developed a new Startup portal for State based Startups. The Startups can get registered through the Startup portal. The portal is accessible at <http://startup.goa.gov.in/index>.

The portal provides important information or updates of the activities planned in Goa Startup ecosystem. Secondly, it also brings together the entire Startup community on a single platform by creating a mentor network, listing investors, Startup outreach events, etc.



**Startup portal of Goa**

The portal also describes application process for incentives under the Startup policy of the State.



- **Query resolution**

The State has ensure dedicated Startup support systems with competent staff to resolve queries related to Startups via:

- Website: <http://startup.goa.gov.in/index>
- Call support:1800-115565
- E-mail support: [spc-dit.goa@gov.in](mailto:spc-dit.goa@gov.in)
- Office: IT HUB, 2nd Floor, Altinho, Panaji, Goa 403001

- **Mentor network**

In order to provide access to business experts and successful entrepreneurs, the State has created a mentor network with diverse individuals. These mentors provide business and technical mentorship to Startups or entrepreneurs. Currently, the State has 100 registered mentors from various domains including finance, marketing, business planning, IT, etc. The mentor list provides details about mentor's domain, e-mail contacts and business profile.

### Way Forward

- **Women entrepreneurship:** A progressive State like Goa may consider including specific incentives in the Startup policy for encouraging women led Startups. Some of the women specific incentives could be in the form of:
  1. Dedicated percentage of seats in incubation centers
  2. Enhanced monthly or sustenance allowance
  3. Dedicated seed and venture funds for women entrepreneurs
- **Online system for Startups:** State has developed an online Startup portal for Startups to register and avail benefits or incentives. As a step towards improving the current system, State may consider to upload specific guidelines for registration, facilities like status tracking and online approvals for all the incentives. This will ease the application process for Startups as they get required access from a single portal.

- **Information wizard** has been developed which provides generic information on approvals required by labour department. However, State may enhance the current system by customizing information for Startups. The wizard shall provide information on exit approvals required in the State. Also, incentives such as self-certification under labour and environment laws, faster exit, and other State exemptions shall be included in the State information wizard. The wizard shall act as a single source of information for young aspiring entrepreneurs who are unaware of approvals and clearances required while starting up a business.
- **Intellectual Property (IP) support centers:** Government of Goa may also look to establish a physical office such as Patent Information Centre (PIC) or Intellectual Property Facilitation Centers (IPFCs). These centers will provide facilities related to IP Services in various domains of science and technology such as Patent filing, copy right and trademark registration and technology transfer and commercialization.
- **Partnership with corporates or educational institutions:** Nodal department or innovation society may partner with business houses, corporate(s) and educational institution(s) in and outside the region for extending their assistance to State based Startups. Partner(s) may provide assistance such as professional services, mentorship, Corporate Social Responsibility (CSR) funds for incubators and or co-working spaces, software or hardware tools and other lab equipment, knowledge exchange, technology transfer and market linkages.



## 3.2 Incubation Support

Incubation Support covers performance in “setting up incubators for nurturing Startup ideas”. Incubator is a key component of a Startup ecosystem and provides access to essential business resources to enable growth of the Startups. State has a major role in creating infrastructure that promotes innovation and ensures their sustainability. Another important criteria is to ensure that incubators are accessible and affordable for Startups.

### Way Forward

- **Incubators:** As per DIPP Startup recognition database, there are more than 60 Startups based out of Goa. The number is certainly going to increase in coming years with growing support from State Government. With this background, the State may like to speed up the setting up of incubators initiative.

State may explore the opportunity of setting up incubators in top academic institutes and Government offices. Corporates may be encouraged to setup incubators in a PPP mode with support from State Government. This will also help the State in achieving its objective of setting up 2,00,000 lakh sq. ft. area for technology innovation and incubation centers.

- **Subsidized incubation:** State shall make provision for providing incubation at a subsidised cost to Startups in incubators. Subsidized incubation means providing subsidy to incubators for certain number of seats and for certain duration or providing free of cost seat to Startups. Considering, the State currently doesn't financially support any incubator, it may explore the opportunity of partnering with other private incubators in the region.



### 3.3 Seed Funding Support

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. Seed Funding Support is one the key pillars of the framework. States are expected to:

- Develop seed funding guidelines
- Develop online systems to enable Startups to apply for seed support
- Measure the impact created by State by providing seed funding to Startups

#### Key Strengths

- **Guideline and system for seed funding**

Government of Goa has formulated the 'Seed Capital Scheme' guidelines to support deserving Startups in their endeavor. Startups with a promising idea can get a one-time grant of up-to INR 10 lakh, as determined by the Startup Promotion Cell (SPC). The incentive can be availed by 100 Startups each year which will be selected by the SPC.

#### Way Forward

- **Seed funded Startups:** The State has prepared guidelines for providing seed funding to Startups. These grants are useful in helping Startups to grow, build their solutions and access markets, while stretching their runway to success. Till date, none of the Startups have received seed funding support from Government under the scheme.  
Seed grant can be provided directly to Startups or through incubators. Government could generate awareness among incubates in private incubators to utilize the incentive. This would enable some of these incubate Startups with innovative ideas or technologies to graduate to a level where they will be able to raise investments from angel or venture capitalists or they will reach a position to seek loans from commercial banks or financial institutions.



### 3.4 Angel and Venture Funding

It is observed that once a Startup starts gaining traction there is typically a gap in accessing the growth stage funds to scale up operations. States can play a vital role in bridging the gap by providing incentives for angel investors to attract investments in State based Startups. Another important measure to support growth stage Startups is venture funding where States have been recommended to support or create Venture Fund(s) or Fund of Funds for Startups.

#### Way Forward

- **Promote angel funding:** State has already partnered with Mumbai Angels to launch the Goa angel network. Going further, State may design special fiscal or non-fiscal incentives to incentivize angel investors for their investments in Startups. Some of the good practices illustrated in the national report may be used for reference.
- **Venture funding:** State Government in its Startup policy has envisaged setting up of 'Idea to P-o-C (Proof of Concept) Fund' and 'Working Capital Fund' for funding Startups. State may explore the opportunity of creating a venture fund or Fund of funds with an appropriate corpus for funding State based Startups. In this regard, State needs to prepare clear operating guidelines for the fund and hire fund manager for managing the funds.

The State Government has rightly identified the need of such an intervention and it may consider operationalizing the fund early for the benefits of Startups. Alternatively, State may also consider participating in other operational venture funds (public or private) working to promote Startups.



### 3.5 Simplified Regulations

Often, new and small firms are unaware of nuances of the regulatory issues and can be subjected to intrusive action by regulatory agencies. In order to make compliance for Startups friendly and flexible, simplifications are required in the regulatory regime.

The framework recommends State to undertake reforms by:

- Enabling self-certification or third party certification for Startups under all applicable labour laws
- Developing online system to facilitate self-certification or third party certification
- Support to Startups working in new or disruptive areas or technologies
- Designing process for publishing policies or regulations regarding adoption of disruptive technologies or business models

#### Key Strengths

- **Self-certification or third party certification for Startups**

Labour Department, Government of Goa has enabled the provision of self-certification for Startups under 10 labour laws. All the low risk establishments are exempted from inspection and third party certification in lieu of submission of self-certification for compliance to all applicable labour laws:

1. The equal remuneration act, 1976
2. The minimum wages act, 1948
3. The maternity benefit act, 1961
4. The Goa, Daman and Diu labour welfare act, 1986
5. The payment of bonus act, 1965
6. The payment of wages act, 1936
7. The interstate migrant worker act, 1979
8. The motor transport workmen act, 1961
9. The contract labour act, 1970
10. The Goa, Daman and Diu and establishment act, 1973

Further, all medium risk establishments have an option to choose between department inspection and third part inspection.

### Way Forward

- **Online system for Self-certification or third party certification for Startups:** In addition to including provision for Self-certification, an online system to submit self-certification or third party certification may also be developed. The system shall provide information on application process and functionality of filing certification in respect of all applicable labour laws. The portal also provides 'help manual' and 'sample acknowledgement' for the reference of Startups. The system shall allow Startups to submit application online. A 'self-certification' certificate shall also be generated as a proof of compliance by the Startup.
- **Support to disruptive Startups:** Various new Startups are working in newer or disruptive areas or technologies such as e-Pharmacy, electric vehicles, cab aggregators, etc. These Startups face challenges of lack of proper regulations, ambiguity in interpretation of regulations or archaic rules and guidelines which are not designed considering the needs of current enterprises. State may identify few priority sectors or technologies for identification of issues faced in business operations by conducting conferences, meetings, round table discussions, etc. Relevant stakeholders and Startups may share their issues or suggestions to improve the regulatory landscape for ease of doing business in the State. Also, State may proactively present such at various platforms to encourage more disruptive Startups.
- **Policies or regulations regarding adoption of disruptive technologies:** In order to encourage and support Startups working in newer or disruptive areas or technologies, Government may detail process of drafting policies or regulations through:
  1. Measuring impact: Long term economic and social impact
  2. Hosting pre-draft stakeholder consultation through online and offline medium
  3. Publication of draft policy or regulation in public domain
  4. Inviting stakeholder or public comment on draft policy or regulation
  5. Publication of final policy or regulationUsing the above approach, Startups will be encouraged to bring out regulatory issues facing their business operations which can be taken up by State Government for resolution.



### 3.6 Easing Public Procurement

State Government shall provide an equal platform to Startups vis-à-vis the experienced entrepreneurs or companies in public procurement. Typically, whenever a tender is floated by a Government entity or by a PSU, very often the eligibility condition specifies either “prior experience” or “prior turnover” or “EMD”. Such a stipulation impedes Startups from participating in such tenders. In order to promote Startups, the framework recommends action points to States to do away with such conditions.

#### Way Forward

- **Do away with the criteria of ‘prior experience’ and ‘turnover’:** State Government may consider amending the rules and orders governing procurement for all the State Government Departments, agencies and PSUs. Following conditions may be included to provide exemptions:
  1. There would not be any minimum turnover requirement from Startups participating in public procurement process,
  2. All State Departments and agencies will additionally relax condition of prior experience with respect to Startups in all public procurement subject to meeting of quality and technical specifications
- **Preference to Startups in State procurement:** State Government may include relevant provision in order to support Startups by providing adequate preference in public procurement of goods and or services. The preference may be provided as below:
  1. Startups quoting prices within decided %age of the lowest eligible price bid of other bidder(s) shall be eligible for purchase preference
  2. Preferential purchase shall be applicable to Startups where at least decided %age of the products should be procured from the local Startup units
  3. Preference be given for procurement from Startups to the extent of decided %age of the total procurement cost
- **Grievance Redressal Mechanism for Startups for resolving public procurement issues** may be developed by appointing dedicated officer to liaison with other Government



Departments concerned and complainant to resolve issues in a time-bound manner. An online or offline mechanism may be developed for Startups to submit issues pertaining to State Government procurement. Alternatively, the existing system of resolving grievances may be improved to include public procurement specific categories for Startups.

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### 3.7 Awareness and Outreach

State Government plays an important role in human capital development and thus the framework in this area evaluates efforts taken to promote entrepreneurship among students. Also, it encourages State to directly outreach to ecosystem components through events, hackathons, bootcamps, etc.

#### Way Forward

- **Organize bootcamps:** Bootcamps are workshops that are conducted in schools and colleges to foster innovation among students. State Government may organize such bootcamps in schools and colleges on regular intervals. Experts may be invited from Startup ecosystem to conduct these bootcamps.
- **Organize Hackathons:** Hackathons are challenges in which participants come up with technological solutions to given problem statements in a stipulated time window. State Government may organize Hackathons to identify innovative technological solutions and for supporting entrepreneurs in building these solutions as viable product or service offering.
- **Facilitate training programs in entrepreneurship development:** Students or aspiring entrepreneurs require basic understanding of ideation, business planning, finance, legal and pitching before they venture out to run a Startup. Entrepreneurship development programs may be organized by the State Government in colleges and universities. These programs can be designed in the form of (Massive open online course) MOOC which can be accessed by students across the State. One such programs is available with Startup India i.e. Startup India Learning and Development program.
- **Conduct Startup outreach event:** Startup fests or events are dedicated events to provide a platform to Startups for showcasing their ideas or products and services to the ecosystem components. Startups also get an opportunity to connect with other ecosystem components. State Government may organize such Startup events in the State at a regular interval. The State is also encouraged to support other Startup events in the State where all the ecosystem players such as entrepreneurs, mentors, investors and business experts come together.

- **Support Startup participation in national and international events:** State Government may support Startups in participation in national and international events. The support may be in the form of grants or reimbursements for travel, accommodation, registration or sponsorship to organizers to allow Startups to participate in events. In order to simplify the process and keep it transparent, application procedure for availing the assistance may be provided online.
- **Undertake partnership with other countries and or international agencies:** State Government may undertake partnership(s) with countries or international agencies such as educational, funding institutions, incubators, accelerators etc. The partnership(s) may be for knowledge and resource exchange and market access for Startups.

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