



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

#startupindia

Jharkhand

Leader

State Startup Ranking Exercise 2018

December 2018

Table of Contents

1. Overview of State Startup Ecosystem	1
2. Snapshot of State Performance	3
3. Pillar-wise Assessment	5
3.1 Startup Policy and Implementation	5
3.2 Incubation Support.....	11
3.3 Seed Funding Support	12
3.4 Angel and Venture Funding.....	13
3.5 Simplified Regulations	15
3.6 Easing public Procurement	17
3.7 Awareness and Outreach.....	19

1. Overview of State Startup Ecosystem

Jharkhand has performed remarkably well in the State Startup ranking exercise 2018. The State has undertaken major reforms in development of Startup ecosystem. The State of Jharkhand has been acknowledged as an **'Aspiring Leader'** in the **State Startup Rankings 2018** conducted by Department of Industrial Policy and Promotion (DIPP), Government of India. Some of the key facts associated with the Startup initiative of the State are as follows:

1. Government of Jharkhand **launched their Startup policy in September, 2016**. The vision of the State is to be amongst the leading Startup States in the country by the year 202 by providing enabling environment for creation of successful, innovative and impactful enterprises.
2. Nodal department for Startup is **Department of Information Technology & e-Gov, Government of Jharkhand** and Nodal officer for Startup is **Secretary, Department of Information Technology & e-Gov**.
3. Startup portal is available at <http://jharkhandinnovationlab.org/>
4. **Government of Jharkhand** has appointed a **nodal team with 5 members** for supporting the development of Startup ecosystem in State. The team composition is as follows:
 - Two experts for Jharkhand Innovation Lab,
 - Vice President, Operations
 - Asst. Vice President, Operations
 - Manager, Operations & Relations
 - Three advisory committee members



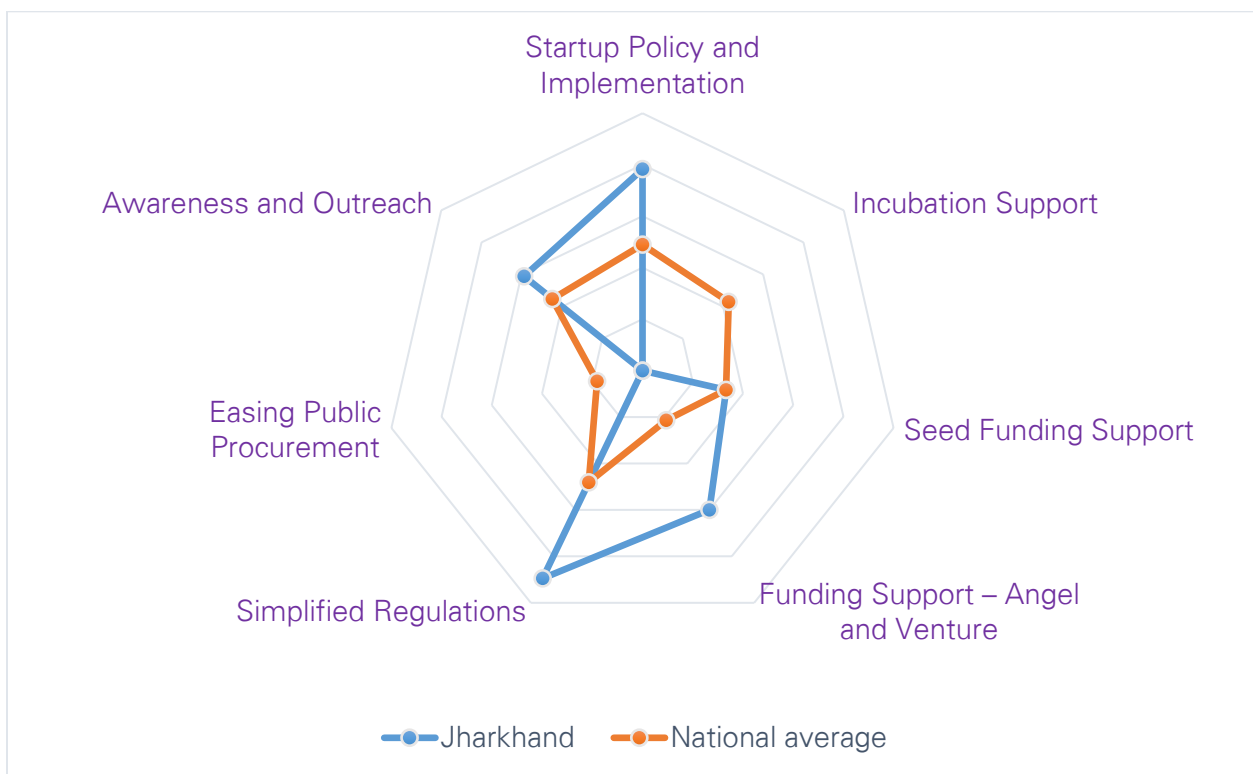
KEY HIGHLIGHTS OF THE STATE

- ✓ Financial support of INR 10 lakh to Startups for development of prototype at seed stage
- ✓ More than 100 mentors are listed on the State Startup portal
- ✓ Startups allowed to submit self-certification under applicable labour laws



2. Snapshot of State Performance

Following is the spider web graph that details the Jharkhand's implementation status on each of the 7 pillars of assessment, in comparison to the national average.



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

State Government has performed exceptionally well in 4 pillars namely 'Startup Policy and Implementation', 'Angel and Venture Funding', 'Simplified Regulations', and 'Awareness and Outreach' as compared to national average.

State has performed at par in 'Seed Funding Support' when compared to its peers. Going forward, State may undertake additional efforts as indicated in the following chapter of this report of pillar-wise analysis to improve its performance in this pillar.

In 'Incubation Support' and 'Easing public Procurement' pillars, State performance is below par when compared to its peers. State performance has not been up to the national average. The State despite performing well in all other areas may prioritize initiatives or policies in providing incubation support to its Startups. 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 'Aspiring Leader' in the ranking exercise. Detailed analysis of the State performance in each pillar has been provided in following chapters of this report.



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**

Jharkhand joined the Startup movement in September 2016 after the launch of Startup India initiative. The mission of the State through this policy is to create a conducive and enabling ecosystem to facilitate the growth and scaling of at least 1000 direct Startups, and support 1500 Startups virtually, by the year 2021. The policy adopts the sector agnostic approach by providing incentives to Startups across sectors. The policy incentives include:

- Subsistence allowance of INR 8500 per individual for idea or seed stage Startups
- One time marketing grant up to INR10 lakh
- Hub and Spoke model for developing Startup ecosystem and incubation centers
- Jharkhand Venture Capital Fund of INR 250 Crores
- Jharkhand Entrepreneurship Development Fund for INR 50 Crores

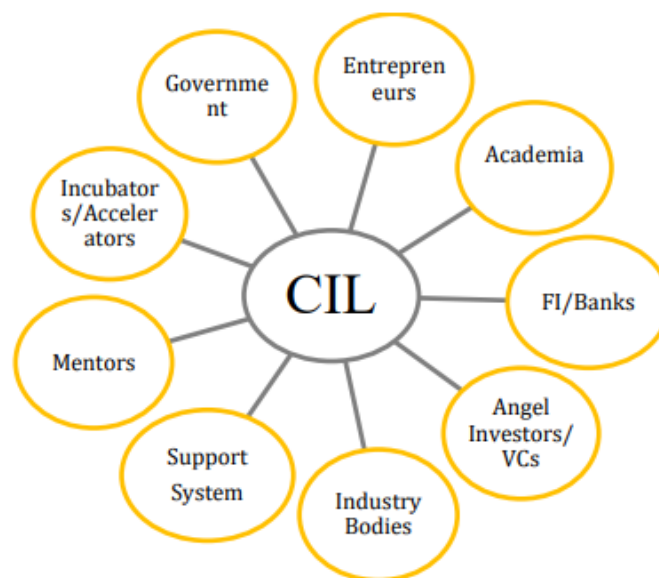
The State considers DIPP definition of 'Startup' to allow State based Startups to avail policy incentives.

- **Women Entrepreneurship**

Females and divyang (differently abled) entrepreneurs in the State at concept or idea stage are eligible for additional INR 2000 per month above the subsistence allowance of INR 8500 per month in the State. However, the incentive is yet to be availed by majority female entrepreneurs in the State.

- **Innovation Society**

Under the Jharkhand Startup Policy 2016, it was envisaged to setup a Central Incubation Lab (CIL) for fostering the culture of innovation and entrepreneurship in the State. In this context, DoIT & e-Gov. and IIM Ahmedabad inked a partnership for the setting up of Jharkhand Innovation Lab which is now operational. This center will act as the central hub supporting all the government aided entrepreneurial activities in the State of Jharkhand. The overview of the ecosystem envisaged around Central Incubation Lab is provided below.



- **Startup portal**

Startup portal is in place with defined processes for registration and availing benefits and incentives under State Startup policy. The portal is accessible at <http://jharkhandinnovationlab.org/index.php>.

The portal provides key benefits of sharing important information on events, policy initiatives and resources for Startups.



Startup portal of Jharkhand

The portal also provides functionality of submitting online application for registration under the initiative. The registration process for Startups is provided on the portal. Startup can apply for various incentives through a single window login.

- **Progress monitoring**

State Government publishes quarterly progress report on its website to share the development under each Startup initiative. The monitoring mechanism has ensured that the institutional structure to report the progress is in place. The reports share status of workshops, bootcamps, events, State partnerships, etc.

- **Query resolution**

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

- **Website:** <http://jharkhandinnovationlab.org/index.php>
- **Call support:** 1967
- **E-mail support:** startup@jharkhandinnovationlab.org
- **Office:** Department of IT & e-Gov., DoIT & e-Gov., 3rd Floor, Project Building Dhurwa, Ranchi - 834003, Jharkhand

- **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 105 registered mentors from various domains including corporate, academia, Startups, investors, etc. The mentor list provides details about mentor's company, industry, email contact and business profile.

- **Partnerships**

State Government has inked partnership with 5 private incubators for extending their assistance such as professional services, mentorship, knowledge exchange, technology transfer, market linkages incubation support etc. to Jharkhand Startups. Some of the key partners include:

- Global Business Incubator
- ib Hubs
- HeadStart
- Fountainhead
- Incube Ventures Pvt. Ltd.

Way forward

- **Women entrepreneurship:** Women entrepreneurs in the State get incentives under Jharkhand Startup Policy 2016. State may consider including additional 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. Dedicated seed and venture funds for women entrepreneurs
- **Online system for Startups:** State has developed a Startup portal for Startups to register and avail benefits or incentives. The system currently redirects Startups to different websites such as:

- <http://jharkhandinnovationlab.org/reg.php> for registration,
- <https://www.advantage.jharkhand.gov.in/SingleWindow/#incentives> for incentives

As a step towards improving the current system, State may consider building a single window access for Startups to access all application guidelines, eligibility criteria and application process and approval for incentives. This will help Startups to get required information from a single portal. It will also ease the application process by bringing transparency.

- **Information wizard** has been developed to provide static information (FAQ) on State Government and Central Government approvals in pre-establishment, pre-operations and renewal stage. However, State may improve the system by transforming the static information into dynamic input based results as per user's business (sector, industry, stage). State may also include customized approvals for Startup such as self-certification under labour and environment laws, faster exit, and other State exemptions. 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.
- **Set up Intellectual property support centers:** IP Support Centres include setting up of Patent Information Centres (PICs) and Intellectual Property Facilitation Centres (IPFCs). These centres can be set up at educational institutions and R&D Labs, etc. The facilities related to IP Services in various domains of science and technology such as patent filing, copy right or trademark registration and technology transfer and commercialization services are provided by the center. Descriptive list of activities that may be undertaken by the IP support centers include:
 1. Patent Services
 2. Technology Transfer to Startups or MSMEs in State
 3. Trademark and Copyright Filing
 4. Providing Technological information services to the Entrepreneurs
 5. Providing Patent Search reports to inventors or Startups
 6. Conducting IPR, Innovation and Academia-Industry Meet workshops

The details of IP support centres along with contact details (along with name of contact person) shall be made available on the State Startup portal.

3.2 Incubation Support

Incubation Support covers performance in “setting up incubators, incubation area 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.

Key Strengths

- **Setting up incubator**

Government of Jharkhand is supporting physical infrastructure for creative enterprises by setting up incubator at Jharkhand Innovation Lab with support from IIM Ahmedabad. This initiative is in line with the State Government’s vision of Central Innovation Lab in the State. The State under its Startup policy has also provisioned to promote setting up of Incubation Centres in Universities and other Academic Institutions.

Way forward

- **Incubators:** As per DIPP Startup recognition database, there are more than 100 Startups based out of Jharkhand. 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.
- **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 supported incubators are yet to be operational, State may explore the opportunity of partnering with other private incubators in the region for extending support.



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

- **Guidelines for seed funding**

Government of Jharkhand has the provision of providing seed support to Startup for prototype development. The selected idea or concept is eligible for maximum financial support of INR 10 lakh for the development of prototype of their product or solution. The guidelines for availing the incentive is provided in Common Incentive Disbursement Guideline document on the portal.

Way forward

- **Online system for availing seed funding:** The State has provision for providing seed funding support to Startup in the form of grant for prototype development. It is important that State introduces modules in its existing Startup portal to help Startups avail the incentive. The system may be developed to ensure Startups can submit application, track status and receive approval online without any physical interface.
- **Other Seed funding models:** Seed may also be provided directly through incubators. Government could generate awareness among incubatees to utilize the incentive. This would enable some of these incubatee Startups with to graduate to a level where they will be able to raise investments from angel or venture capitalists. Startups may also 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.

Key Strengths

- **Promote angel funding**

Government of Jharkhand has notified that 30% of Jharkhand Entrepreneurship Development Fund shall be earmarked as Jharkhand Angel Fund. The earmarked amount for Angel fund shall be allocated to dedicated Asset Management Company or Society. Asset Management Company or Society managing Jharkhand Venture Capital Fund shall also be responsible for managing Jharkhand Angel Funds. The ticket size for angel funding will be from INR 10 Lac to INR 1 Crore.

The nodal department has also organized events “Jharkhand Startup Pitch Challenge and Y4BIZ”. The entrepreneurs from across Jharkhand academic institutions, incubators and private players were invited to nominate their Startup ideas for the event. A total of 66 Startups were selected from 200 plus applications received online. Shortlisted Startups were given a chance to pitch their ideas.

- **Venture funding**

Government of Jharkhand has provisioned for a fund of INR 250 Crores to be utilized 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”. The fund will be in the form of Fund of Funds and SEBI registered venture funds will be supported. The return from the investments in the Startups will be reinvested in the Jharkhand Venture Capital Fund. The State has also signed an MOU with Gujarat Venture Finance Limited (GVFL) with operating guidelines and asset management of Jharkhand Venture Capital Fund.

Way forward

- **Venture funding:** As per the information with DIPP, State Government has not funded any Startups through Jharkhand Venture Capital Fund. Considering, the MoU with GVFL formalized in May 2017, it is expected that the State Government will increase the pace of identification of eligible Startups and funds disbursement. Alternatively, State may also consider participating in other operational venture funds (public or private) working to promote Startups in the State.



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 Jharkhand has notified the provision of self-certification for Startups under 14 labour laws on 18th February 2016. The Startups which are based out from the State of Jharkhand are eligible for self-certification as per clause 2.4.1 of Jharkhand Startup Policy. Further, State has also integrated its labour portal with Government of India Shram Suvidha Portal at <https://shramsuvudha.gov.in/stateIntegration>

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

As per clause 2.4.1 of Jharkhand Startup Policy 2016, Startups eligible for self-certification in case of the mentioned 14 labour laws will not undergo inspection for three years, unless a complaint is received. For environmental laws, random checks would be carried out to ensure compliance. The online self-certification process is made available in the Startup portal through https://www.advantage.jharkhand.gov.in/SingleWindow/startup_self_certifications/add. An acknowledgement receipt is issued post uploading the standard undertaking document.

- **Support to Startups working in new or disruptive areas or technologies**

Government of Jharkhand has identified Internet of Things (IoT) as a disruptive technology. In this regard, a stakeholder consultation or open house meeting to discuss draft IOT policy was also organized. The State has published the minutes of open house meeting on Draft IoT Policy. The State has regularly established channels to present cases of disruptive technology Startups through Road show on Entrepreneurship and IoT, weekly bootcamps, workshops etc.

Way forward

- **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 regulation

Using 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’, ‘turnover’ and ‘submission of EMD’:** The State in its Startup policy has mentioned that State Government shall exempt Startups from the criteria of “prior experience or turnover” for the procurement. However, the compliance of the policy needs to be ensured. 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 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
 3. There shall be no requirement of submission of EMD for Startups as defined by the State Government
- **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 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.

State Government may also setup a monitoring mechanism in the State to track the impact of easing public procurement guidelines. Ensure all State Government tenders include the revised guidelines for Startups. The grievance resolution mechanism may be monitored closely.

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.

Key Strengths

- **Organizing outreach events**

Government of Jharkhand actively organized and participated in dedicated events to provide a platform to Startups for showcasing their ideas or products or services. The State has supported 8 outreach events for Startups and details are as follows:

1. Jharkhand Startup Pitch Challenge (Nov 2017)
2. Y4BIZ (Nov 2017)
3. Road to GES (Nov 2017)
4. Agrivation (Dec 2017)
5. VETINNOVATION (Dec 2017)
6. She Leads - Women Entrepreneurship Conclave 2017 (Dec 2017)
7. Tribal Entrepreneurship Conclave 2017 (Dec 2017)
8. IT and ITES Entrepreneurs (Dec 2017)

The events provided an opportunity to entrepreneurs from across Jharkhand to present their ideas to the ecosystem players.

- **Organizing bootcamps**

Jharkhand Innovation Lab in association with Department of IT & e-Governance, Government of has created a significant impact in the State. The State has supported the entrepreneurial activity through mentoring, workshops, events, bootcamps, training programs and creating a platform for Startup to pitch their ideas in front of early stage investors. The State organized 8 bootcamps on ideation and entrepreneurship.

Way forward

- **Organizing hackathons:** Government of Jharkhand along with 99 leap incubator organized a two day Hackathon event in Ranchi. On 8th and 9th July 2017 where more than 3000 students participated. Going forward, State may use Hackathon as a tool extensively to adopt low-cost, high impact technologies into governance.
- **Facilitating entrepreneurship training programs:** State Government may introduce entrepreneurship and business focused learning and development training programs to support young and creative minds. These entrepreneurship program could be developed online to provide perspectives on entrepreneurship through a series of entry-level and advanced level online learning modules. The online programs may also be scaled up easily in future by introducing them in colleges, universities. One such program is available with Startup India i.e. Startup India Learning and Development program.
- **Entrepreneurship cells (e-cells):** The requirement of setting up e-cells in educational institutes across all districts in the State was challenging. Nevertheless, State may now prioritize to create a network of e-cells across all districts. State is encouraged to scale up the spirit of innovation and entrepreneurship by creating State-wide e-cell network.
- **Support Startup participation in national and international events:** State Government may support Startups for 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 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.

The State is expected to continue the efforts in promotion of Startups through various initiatives. The roadmap ahead is to scale up the Startup revolution in all parts of the State especially in Tier-2, 3 cities.



