



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

#startupindia

ODISHA

TOP PERFORMER

State Startup Ranking Exercise 2018

December 2018

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1. Overview of State Startup ecosystem

Government of Odisha has taken good initiatives in building conducive ecosystem for Startups in the State in last couple of years. As a result, it has achieved the status of '**Top Performer**' in the State Startup ranking exercise conducted by Department of Industrial Policy and Promotion, Government of India.

Some of the key highlights of its Startup ecosystem are as follows:

1. Government of Odisha launched Startup policy in **August 2016**. The policy was amended in March 2017 and March 2018 as well. **Key features of the policy are as follows:**
 - **Support to academic Incubators** - One time grant of 50% of capital cost up to max. INR 1 crore and performance grant of INR 5 lakh for each successful Startup they create or support
 - **Non-academic Incubator** - Performance grant of INR 5 lakh for each successful Startup they incubate
 - **Academic interventions** - Syllabus related to entrepreneurship to be introduced in Schools and colleges; sabbatical facility for faculty for 3 years if they join a Startup
 - **Fiscal incentives to Startups** - Assistance at idea stage – INR 20,000 per month for 1 year and assistance during commercialization – Up to INR 15 lakh; in case Startup founder(s) are women, monthly allowance will be INR 22,000 per month and marketing assistance will be INR 16 lakh
 - **Non-fiscal incentives to Startups** - 20% total procurement by Startups or MSMEs, no minimum turnover and experience requirement for Startups
2. Nodal department for Startup is **MSME department** and nodal officer for Startup is **Additional Chief Secretary, MSME**.
3. Startup portal is **startupodisha.gov.in**
4. **Startup cell of Odisha** is led by CEO and five dedicated officers.

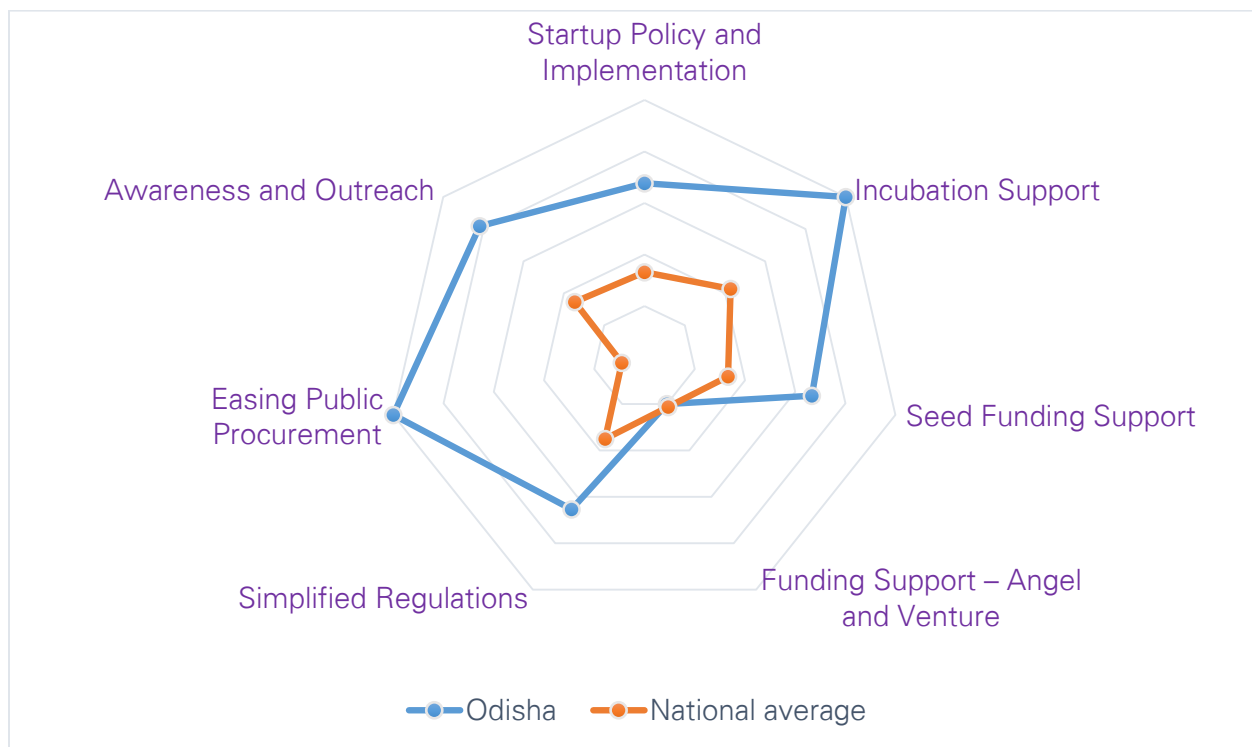


KEY HIGHLIGHTS OF THE STATE'S INITIATIVES

- ✓ Detailed progress reports (of policy objectives) starting from June 2017 available on Startup portal
- ✓ Dedicated helpline (1800-345-7100) to resolve queries of Startups
- ✓ Incubation area of 147,000 sq. ft. at FTBI-NIT Rourkela
- ✓ Relaxation in 'prior experience', 'prior turnover', and 'exemption from EMD for Startups in public procurement
- ✓ Entrepreneurship cells in each district

2. Snapshot of State performance

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



Odisha has done remarkably well in pillars such as 'Incubation Support' and 'Easing Public Procurement'. In fact 'Easing Public Procurement' is one such pillar, where national average is very low. Hence, other States can learn from the initiatives taken by Odisha to ease the participation of Startups in public procurement.

In areas such as 'Startup Policy and Implementation', 'Seed Funding Support', 'Awareness and Outreach' and 'Simplified Regulations', Odisha's initiatives are good and its score is above the national average. Odisha has been particularly impressive in creating awareness about Startup ecosystem in the State. Its initiative to create Entrepreneurship cells in each district is highly commendable. The E-Cells performs workshops, seminars, summits, boot camps, competitions, entrepreneurship education and more.

Although the State of Odisha has reported well above the national average on most of the areas, however, funding support is a priority area and State may take necessary steps to invite more investments for the Startups.

The detailed analysis of the State's performance is described in next section.

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

a) Startup policy

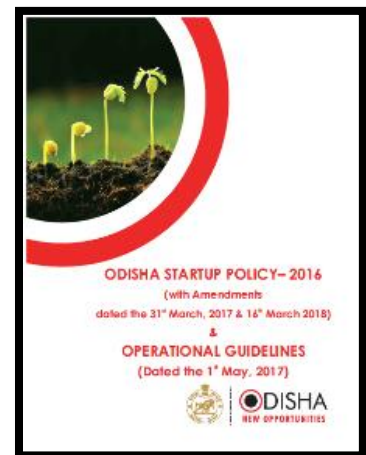
State has a comprehensive Startup policy that incorporates all elements of a robust Startup ecosystem such as **support to academic, non-academic Incubators, assistance to Startups at idea and marketing stage** and more. State launched the policy in August 2016 and subsequently amended it in March 2017 and March 2018.

b) Women Entrepreneurship

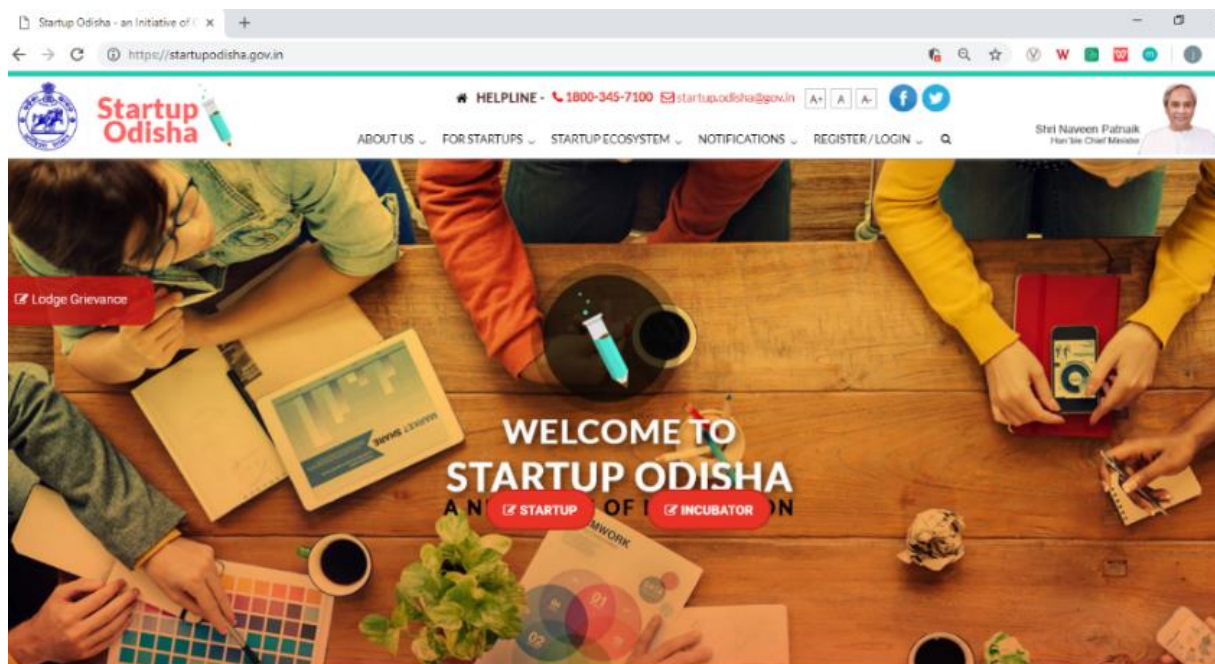
State in its subsequent amendments has introduced special incentives to support Startups that have women founders. **Assistance at idea & marketing stage** (INR 2000 and INR 1 lakh respectively are in addition to what is provided to any Startup) is included in the policy to promote women entrepreneurs.

c) Startup portal

State has a dedicated Startup portal (startupodisha.gov.in) with all the relevant information for stakeholders of Startup ecosystem at one place. The portal is well designed and is simple to use. Startups can easily register and apply for incentives online. Portal has a provision to display the status of applicant's application. Registered Startups receive the certificate through mail once their applications are accepted. Approved Startups can then apply for incentives online.



ODISHA STARTUP
POLICY 2016



Snapshot of State Startup portal

d) Mentor network

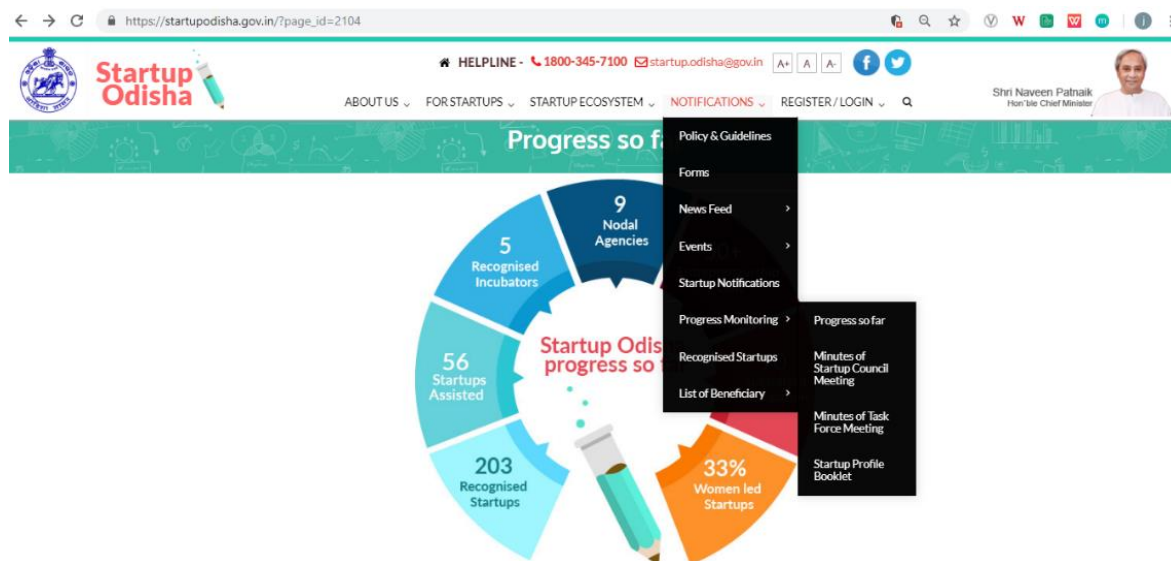
State has created a robust mentor network comprising of **experts from industry, academia and Startup ecosystem**. Details (including domain area, experience and contact details) of more than 100 mentors are available on State Startup portal. Registered Startups can access the details of mentors and connect with them.

e) Query resolution

A **dedicated helpline (18003457100)** is in place to resolve the queries of Startups, along with feature for capturing customer satisfaction.

f) Progress monitoring

State regularly publishes the progress reports (of its **Startup council meetings and task force meetings**) on its Startup portal. Minutes of meetings (MoMs) of task force meetings are available from **June 2017 onwards** and minutes of meetings of Startup council meeting are available from **March 2018 onwards**. The MoMs provide progress of various policy objectives such as recognition of Start-ups, assistance to selected Start-ups, recognition of Incubators and more.



Above mentioned parameters are important and play a critical role in making the State of Odisha perform very well in 'Startup Policy and Implementation' pillar.

Way forward

- **Information wizard**

The information wizard needs to be updated to include the latest information such as replacement of VAT/CST with GST. Similarly, Startups must also know all State and Central level clearances required once it exits the business.

3.2. Incubation Support

Incubation Support covers State's performance in supporting or 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.

Key Strengths

a) Support to both academic and private Incubators

Government of Odisha has identified various kinds of Incubators such as educational institutions Incubators, private Incubators, industry supported Incubators, sector specific Incubators and more in its Startup policy that it intends to support.



State has supported following Incubators for setting up operations and maintenance of the facility:

- IIT Bhubaneswar
- Foundation for Technology & Business Incubation (FTBI)
- Kalinga Institute of Industrial Technology - Technology Business Incubator
- Gram Tarang employability training services
- Software technology parks of India (STPI)

b) Incubation area

State has supported Incubators by providing grant for capital expenditure and operational expense. These supported Incubators provide various facilities such as internet access, mentor support, office space, conference rooms, canteen and more. Details of incubation area for key Incubators are as follows:

- IIT Bhubaneswar: 40,000 sq. ft.
- Foundation for Technology & Business Incubation (FTBI) – 147,915 sq. ft.
- Kalinga Institute of Industrial Technology - Technology Business Incubator: 120,000 sq. ft.
- Software technology parks of India (STPI) – 79000 sq. ft.

Way forward

- **Setting up Incubators**

State may explore the opportunity of setting up Incubators in top academic institutes and Government institutes. Corporates may be encouraged to setup Incubators in a PPP mode with support from State Government. This will also help the State in setting up more Incubators.

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 and under this pillar, States are encouraged 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

a) Provision for seed funding online

State has developed online Startup portal where Startups can apply for availing various incentives including seed funding support. The system allows Startups to submit application, track status and receive approval online without any physical interface. Once approved, Startups can receive seed funding support in the form of **monthly assistance** (INR 20,000 per month for a year).

Way forward

State has scored well above the national average in the area of seed funding support. Additionally, State can consider the following initiatives for improving in this area of assessment:

1. Dedicated annual event for provision of seed grant to early stage Startups
2. Alternative model for seed fund provision may also include loan interest subsidy

3.4. Funding Support – 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

a) Promote angel funding

In order to encourage angel investors to invest in Startups of Odisha, State provides a dedicated Seminar hall where Startups can interact or showcase their ideas to investors.

Way forward

- **Angel funding**

State may undertake steps to promote angel funding. The steps may include providing incentives to angels for their investments in Startups. Incentives may also include initiatives such as offering a success fee at a fixed rate to Startups for mobilizing investments from State based angel investors. State may also consider providing matching grants to Startups that are supported by angels.

- **Supporting Startups through venture funds or fund of funds**

State Government 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, department needs to prepare clear operating guidelines for the fund and hire fund manager for managing the funds. Additionally, State Government may consider partnering with some of the venture capitalists to facilitate funding to Startups through venture fund(s) or fund of funds.

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3.5. Simplified Regulations

Often, new and small firms are unaware of the 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 and/or third party certification for Startups under all applicable labour laws
- Developing online system to facilitate self-certification and/or third party certification
- Supporting Startups working in new or disruptive areas and technologies
- Designing process for publishing policies and regulations regarding adoption of disruptive technologies and business models

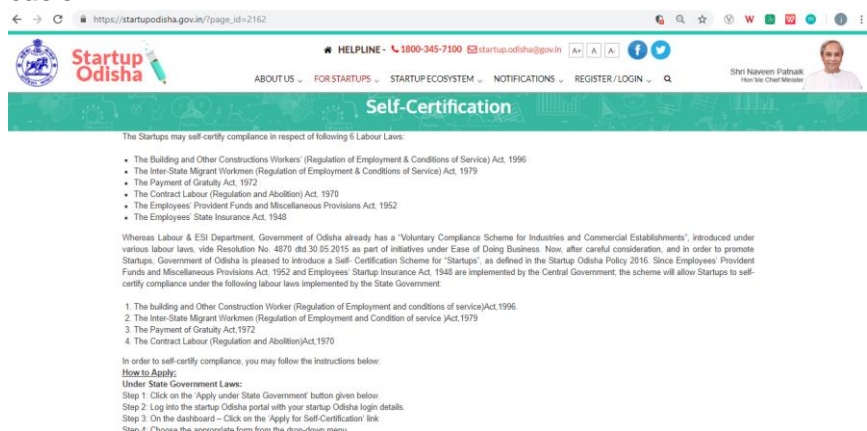
Key Strengths

a) Self-certification for Startups

Labour & ESI department of Odisha issued a notification on 26 March 2018 for self-certification of Startups under **six labor laws**. It also issued guidelines related to self-certification.

b) Online portal for self-certification

State has provided **dedicated online platform** for Startups to self-certify under specified regulations such as Labour laws, consolidated annual return, factories rules etc. The portal provides procedure to follow while applying for self-certification.



c) Regulations on disruptive areas

State Government issued a **notification** dated 26 April 2018 detailing process of drafting policies, including Impact, Stakeholder consultation, due timelines and publishing of decisions. Key pointers of the notification include:

- **Impact:** Long term economic and social impact to be considered
- **Stakeholder consultation:** Pre-draft stakeholder consultation will be done both through online and offline medium.
- **Public comments:** After getting inputs from relevant stakeholders, public comments will be invited on draft policy. The window will be opened for 45 days for public comments.
- **Publication of final policy or regulation:** 45 days from the last date of receiving public comments on draft policy.

d) Disruptive technologies

Government of Odisha has identified following areas for disruptive technologies:

- E-pharmacy
- Agriculture
- Biotech
- Greentech
- Solar energy
- AR/VR
- Electric vehicles
- Cab aggregators
- Health & Life science
- Renewable energy

Way forward

- **Disruptive areas:** Majority of the Startups are technology based, hence, State may consider supporting newer and disruptive technologies such as Internet of Things, Artificial Intelligence, Internet security, fintech and other emerging technologies.

3.6. Easing Public Procurement

State Government shall provide an equal platform to Startups vis-à-vis the experienced entrepreneurs and 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.

Key Strengths

a) Removing eligibility conditions

In a notification dated 13 March 2018, **Government of Odisha removed criteria of ‘prior experience’, ‘prior turnover’, and ‘submission of EMD’** for Startups in order to encourage them participate in public procurement.

b) Preference to Startups

As per the notification issued by State Government dated 13 March 2018, 20 percent of total procurement by State departments and State PSUs shall be mandatorily from Micro & small enterprises or Startups of the State.

c) Online grievance redressal mechanism

Dedicated online grievance redressal mechanism is in place with a nodal officer assigned and timeline specified for resolution. The nodal officer is the CEO of Institute of Entrepreneurship Development (IED). IED is the nodal agency for Startup related activities in the State and its objective is to inculcate value of entrepreneurship in the educated unemployed youth of the State. Startups are required to submit issues on Startup portal. A special committee is constituted that meets every alternate Tuesday to resolve grievances.

The screenshot shows a web browser window with the URL startupodisha.gov.in:8080/fm_user/citizen_raise_grievance.html. The page is titled "Lodge Grievance" and features a sidebar with the "Startup Odisha" logo and contact information: Technical Support: +91889555222, +919778627236. The main content area is divided into three sections: "Grievance Details", "Personal Details", and "Grievance Description".

Grievance Details: Includes dropdown menus for "Grievance Category" (set to ADMINISTRATIVE) and "Sub Category" (set to STARTUP). A "Designated Officer" field is set to SECRETARIAT IED.

Personal Details: Includes input fields for First Name, Middle Name, Last Name, Address Line1, Address Line2, Mobile, and Email.

Grievance Description: Includes a "Startup Id:" field and a large text area for "Enter Your Grievance Details".

Way forward

State has taken an important initiative by removing major hurdles for Startups in participation of public tenders. Additionally, State can work upon some ideas such as conducting **Demo days** for direct public procurement of products and services from Startups on regular basis.

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 reach out to ecosystem components through events, hackathons, bootcamps, etc.

Key Strengths

a) Organizing boot camps

Government of Odisha organized ten boot camps in various schools and colleges across Odisha from 3rd February to 26th February 2018. The details of boot camps are as follows:

#	Date	Venue	City
1	3 February 2018	Fakhr Mohan University	Balasore
2	5 February 2018	Govt. College of Engineering	Keonjhar
3	7 February 2018	National Institute of Technology	Rourkela
4	10 February 2018	Veer Surendra Sai University of Technology	Sambalpur
5	12 February 2018	Govt. College of Engineering	Kalahandi
6	16 February 2018	Vikram Dev College	Koraput
7	20 February 2018	National Institute of Science and Technology	Berhampur
8	21 February 2018	Sri Sri University	Cuttack
9	22 February 2018	Kalinga Institute of Industrial Technology	Bhubaneswar
10	26 February 2018	Centurion University of Technology and Management	Khurda

b) Organizing hackathon

Government of Odisha organized a hackathon on 28-29th October 2017 at KIIT – Technology Business Incubator. Around 200 Startups and students participated in the competition. The problem statement was “Developing relevant mobile apps using open Govt. data for public use”.

c) Entrepreneurship cells in each district

Government of Odisha has setup e-cells in each of the 30 districts of the State.

d) Partnership with countries and international agencies

Government of Odisha has formed partnership with various organizations such as TiE Silicon Valley, Facebook, Zoho, Amazon webservices, Vakil search, and more.

