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STATES' STARTUP RANKING 2022
ASPIRING LEADER

ANDAMAN & NICOBAR ISLANDS

TABLE OF CONTENTS

States' Startup Ranking 2022 Results

A&N participated in 19 Action Points of the Ranking Framework 2022. A&N performance in each of the Reform Area has been graphically represented. Data presented below is the percentile score, which is the relative performance of the State in each Reform Area as compared to other participating States/UTs.

For example, if A&N has a score of 100th percentile in the 'Institutional Support' Reform Area, this implies that the State has scored higher than all the participating States/UTs in that Reform Area.

A&N has been evaluated on seven Reform Areas that have a significant contribution towards propelling the startup ecosystem in the State. Detailed analysis with insights into the initiatives taken by the State to promote its startup ecosystem are discussed in the subsequent sections.
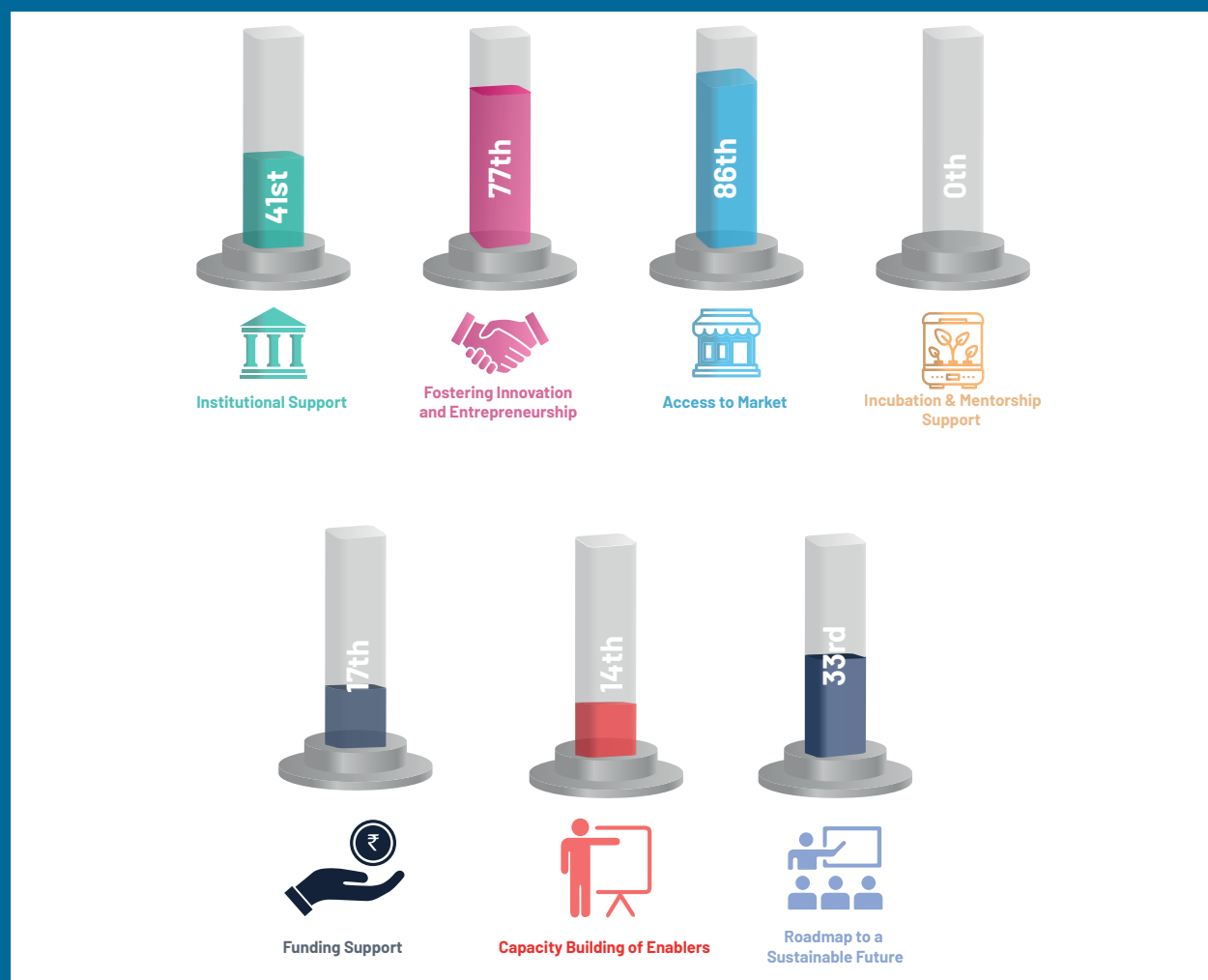
UT STARTUP ECOSYSTEM

The Andaman & Nicobar Islands are the largest archipelago system in the Bay of Bengal. The total population of Andaman and Nicobar Islands accounts for 0.03% of the total population of India.[1]

The Union Territory (UT) of Andaman & Nicobar Islands has come a long way on the road to socio-economic development and today stands as one of the most sought-after tourist destinations with national and international visitors, besides showcasing a ripe environment for information technology (IT) and IT-enabled services (ITeS). With a literacy rate of over 85%, the youth of the Islands is eager to venture into innovation and explore the untapped arena. [2]

The startup ecosystem in the Islands is now rising steadily from its nascent stage. One of the key factors that contribute to its startup ecosystem is the presence of numerous unexplored opportunities in growing sectors such as renewable energy, marine and biodiversity-based businesses, tourism, agriculture and fisheries, and digital connectivity.

Leveraging its strategic location, the UT has access to the international markets of Southeast Asian countries, compared to the nation's mainland markets. Being a pollution-free territory, it offers great potential for electronics and software industries. The connectivity allows the implementation of e-governance initiatives and the establishment of enterprises and e-commerce facilities through UT government initiatives.

The Directorate of Industries, Government of Andaman & Nicobar, being the nodal department for facilitating startups, has been working in coordination with various stakeholders to develop the startup ecosystem. The Directorate also organises workshops, hackathons, boot camps, and networking events to connect entrepreneurs with industry experts, investors, and prospective partners.

With its policy initiatives, the Directorate is providing both fiscal and non-fiscal support to aspiring entrepreneurs and startups of the UT. Some of the services being provided are mentorship, infrastructure support, funding assistance, and business incubation programs.

UT Startup Policies and Incentives

Andaman & Nicobar Islands has implemented a dedicated policy called the "Innovation & Startup Policy 2018" for the startups of the UT with fiscal and non-fiscal incentives to promote and support startup businesses. These initiatives aim to create a conducive environment for startups by providing them with various benefits and facilitations.

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[1]About, Andaman and Nicobar Island
[2]Advantage of Andaman and Nicobar Islands

With an objective to develop a thriving startup ecosystem, the policy provides incentives and exemptions over and above the Startup India Action Plan of the Government of India. Under this policy, startups can avail of numerous benefits such as financial assistance, mentorship, incubation support, and access to a robust network of investors and industry experts. The UT also offers the following incentives and benefits:

- A&N Innovation Fund

- Startup monthly allowance

- Startup growth grants

- Digital technology subsidy

- Marketing assistance

- Assimilating innovation in public organisations

- Cloud services and software support

Under the policy, startups are also given preference in government procurements, providing them with an opportunity to work closely with government departments and access larger markets. Furthermore, the UT government plans to facilitate mechanisms to call for innovative solutions to critical problems and specific search needs, proof of

Highlights of State Startup Ecosystem

The UT government has undertaken several initiatives to boost startups in the UT.

40+
Startups Registered

2+
Women- led Startups

5+
Events undertaken to support startups

3+
Startups received funding through UT Support

Key Initiatives Driving Growth

- Funding: The UT government has been providing funding support to startups, incubators, and students.

- Public Procurement: The UT is providing relaxations in prior turnover, prior experience, and security deposits for procurement by public entities from startups. The government further plans to facilitate mechanisms to call for innovative solutions to critical problems and specific search needs, proof of concept trials, and procure qualifying products and services.

- Capacity Building Programs: The UT government has organised various events, knowledge workshops, boot camps and grand challenge programs to create awareness in the UT. It further plans to organise a national-level startup fest at Dr. B. R. Ambedkar Institute of Technology (DBRAIT).

Institutional Support

Introduction

Institutional Support focuses on the facilitation and execution of the State/UT Startup policy through a comprehensive user-friendly portal and specific incentives provided by various Government stakeholders. This Reform Area focuses on paving the way for easy access of information to Startups and ecosystem stakeholders.

It analyses whether a particular State/UT has a functional Startup portal offering single-window solutions for all Startup/UT ecosystem stakeholders. A holistic Startup portal offers services ranging from Startup registration to an efficient grievance redressal mechanism having quick 30 days of query resolution. The Reform Area also emphasises institutionalised support provided to the Startups from various State/UT Government departments including that of Government policies that are currently active for support to Startups.

UT Performance

The UT of Andaman and Nicobar Island has paid special attention to the essential features required to create a comprehensive startup portal with Startup India.

The UT Startup Portal fulfils 11 out of the 12 criteria for a robust Startup portal with features and information such as:

1. UT Startup Policy

2. Details of all UT level approvals and clearances required for registering and operating a Startup in the UT

3. Information on nodal department and team

4. Dedicated helpline for Startups

5. UT-level approvals and clearances

6. List of mentors and procedures to connect with mentors

7. Detailed support on public procurement and funding

8. Details of departments providing institutional support to startups

9. Accessibility of website in local/official language available on Portal

10. Website accessibility for Persons with Disabilities (PwD)

11. Details of marketing, outreach, events, webinars on UT Startup Portal
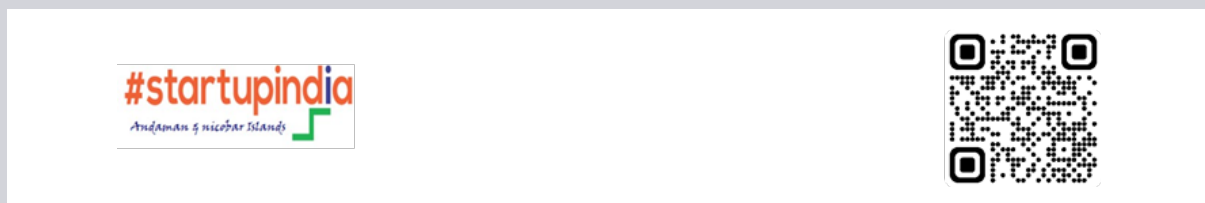

Figure A: Andaman and Nicobar Island startup Portal

Andaman and Nicobar Island has an active tracking mechanism for query resolution in startup portal. The UT maintained a record of all the queries or requests that have been received during the period of consideration. The portal also has a nodal department list to resolve basic information-related queries in real time.

Way Forward

1. The UT may include tabs and adding specific information tabs on the UT startup portal to support and handholding of the startups and entrepreneurs.

a. Startup Registration, including API integration with startup India with real-time application tracking feature should be present on the startup Portal.

b. List of incubators and procedure to connect with them.

2. Query response timeframe may be mentioned in the public domain through a notification/ government Order/ FAQs.

3. The UT departments apart from Nodal Department may provide institutional support to startups. The institutional support could be in the form of sustainable programs, hackathons, grand challenges, incubation support, funding support, venture funding, open data APIs, public procurement support and other sustainable programs.

4. The UT may mandate each of its departments to come up with specific incentives to support startups.

Fostering Innovation & Entrepreneurship

Introduction

Fostering Innovation and Entrepreneurship, as the name of the Reform Area suggests, seeks to encourage the spirit of innovation among aspiring entrepreneurs with a focus on student entrepreneurs, entrepreneurs from higher education institutions (HEIs) and women entrepreneurs. It focuses not only on the assessment of the total number of registered Startups in each State/UT, which is a direct result of the State/UT support but also on the regulatory reforms undertaken to support Startups in diverse sectors.

This Reform Area assesses the extent to which Higher Educational Institutes have been engaged in providing support to student entrepreneurs. It also highlights the value of innovation and entrepreneurship be it students or women. Furthermore, special focus has been drawn towards women-led Startups with specially tailored incentives and schemes to ensure equitable implementation.

UT Performance

~20
Registered Startups during the period of consideration

Special Incentive for Women-led Startups

300+
Students engaged through ~5 programs at schools and HEIs

To further ignite the spirit of innovation among the UT and give impetus to the youths, a Bootcamp was organised, providing a platform for student entrepreneurs, young innovators, and college students to showcase their creativity, ideas, and projects.

An Innovation Development and Technological Readiness program was also organised at Dr B.R. Ambedkar Institute of Technology, Port Blair. The final and pre final year students were addressed to make aware them about the Startup India scheme and its benefits.

Figure B: Innovation Development and Technological Readiness Program

Way Forward

1. The UT may focus on designing knowledge support and outreach programs to disseminate the benefits of registering startups, thereby encouraging entrepreneurs to do the same.

2. The UT may explore regular virtual programs to reach out to student entrepreneurs considering the geographical limitations.

3. The UT may identify and support more women-led startups and offer non-fiscal support in the form of capacity building, incubation and mentorship.

Access to Market

Introduction

This Reform Area seeks to encourage the State/UT Government to increase participation in the public procurement process for Startups and become an enabler in providing the opportunities to Startups in the domestic and international market. The States/UT are evaluated based on their support to Startups through the organisation of showcase opportunities such as Demo-Day, Buyer-Seller Meet, National and International Events, and relaxation in criteria for Government work orders.

The aim is to steadily increase the number of work orders awarded to Startups by helping them be at par with the established players in their respective sectors.

State Performance

3
relaxations provided for Startups on Public Procurement

The UT has identified and implemented specific relaxations in public procurement for startups. These include relaxation on minimum turnover, prior turnover and experience requirements requirement for startups.

The Andaman and Nicobar Administration organized a "Startup Mela" from 9-12 November 2022 to provide startups a platform to showcase and market their products at a pavilion especially erected at the ANE-Sagarika at Middle Point, Port Blair.

Figure C: Startup Mela Program providing Access to market for Startup

Way Forward

1. The UT may assign a certain percentage of the total procurement by the UT Departments to be acquired from startups.

2. The UT may develop a dedicated page on their respective startup website for the public procurement activities and exemptions provided to the startups with all the required details.

3. The UT may undertake programs to connect startups to government departments as well to present case-wise solutions to the departments and promote procurement activities by them.

Incubation and Mentorship Support

Introduction

Incubation and Mentorship support is provided to States/UTs in the form of financial and infrastructural support to startups and State-supported incubators. The State/ UT Governments are initiating setting up of new incubators or in upgrading existing incubator facilities through various fiscal and non-fiscal incentives including conduction of acceleration programs across State/UTs. This Reform Area also aims at ensuring proportionate utilisation of the incubation capacity of the State-supported incubators.

The support provided by the State/UT to the incubators through programs and incentives will in turn help startups in scaling up and thereby, contribute to the growth of the State/ UT startup ecosystem. The Reform Area measures efforts by the State/UT Government in facilitating mentorship to startups. This has been assessed by the number of startups benefitting from the State's/UT's network of mentors.

Way Forward

1. The UT may set up incubators to guide young entrepreneurs. The UT may explore the possibility of virtual incubation as well. Support to new incubators can be provided in the form of (a) one-time capital assistance (b) 100% reimbursement of stamp duty and registration fee paid (c) power tariff subsidy (d) 100 % reimbursement for electricity duty paid.

2. The UT may organise the acceleration programs and leverage the virtual format for holding seminars and discussions. In this way, the UT could take advantage of this opportunity to connect with stakeholders outside the UT as well as outside the country.

3. The UT may look to engage and connect with mentors outside the UT, at the national level. The option for virtual mentorship through video calls should be explored to learn from other national and international experiences.

Funding Support

Introduction

All Startups require timely availability of funding for their growth. This Reform Area encourages various State/UT Governments to establish either new Seed or Venture funds or Fund of Funds for Startups or continue supporting the existing ones. It also focuses on the access to these funds established by the State/UT Government.

A special emphasis has been given to state-supported initiatives and programs to mobilise the private investments into the Startup ecosystem by connecting Startups with investors such as workshops, networking events and pitching sessions.

UT Performance

During the period of consideration, UT has supported startups in form of monthly allowance.

Way Forward

- The UT may ensure that it offers funding assistance to more startups based on the incentives such as lease rental assistance, utilities tariff assistance, subsidised incubation and patent reimbursement highlighted in its Startup Startup Funding and Incentives package.

- The UT may organise events, conferences dedicated to outreach related to funding with discussions on funding opportunities and processes and to connect startups with funds as well as investors.

Capacity Building of Enablers

Introduction

Capacity building of key stakeholders and enablers is essential for driving the growth of the entire Startup ecosystem. It is vital to provide necessary information to the key ecosystem facilitators to enable startups with the opportunity to contribute to Government initiatives.

This Reform Area assesses sensitisation workshops, programs conducted for Government officials, and workshops conducted to train State-supported incubators. It also focuses on the capacity development of potential private investors to encourage local private investments.

UT Performance

The Directorate of Industries organised a Startup Pitching Session and Open Forum Discussion to provide a platform to startups to pitch their ideas and innovations before the line departments of the Administration as well as to disseminate Startup India scheme information to the present departments, agencies and institutions. The event was attended by 80 participants including representatives of Departments, Entrepreneurs and Startups as well as School and College Students.

Way Forward

1. The UT may conduct monthly virtual programs spread across various districts to sensitise potential investors on investment in Startups.

2. The UT Government may hold quarterly sensitisation workshops for various Government departments and officials to encourage them to interact with Startups to understand their concerns.

Roadmap to a Sustainable Future

Introduction

Roadmap to a Sustainable Future sought to encourage the spirit of innovation in rural startups, and at the same time focus on sectors like renewable energy, sustainability, and climate change with an emphasis given to Startups working on Circular Economy.

The aim is to steadily increase the number of startups working in the space of renewable energy and sustainability and follow India's direction of attaining a more inclusive and greener world.

UT Performance

The UT has offered fiscal incentives to startups with rural impact based on its Startup Startup Funding and Incentives package.

Way Forward

1. The UT may develop a clear definition of startups which qualify as working in the field of sustainability, renewable energy, climate change and circular economy may be established as an amendment to the Startup Policy.

2. The UT may develop specific incentives for the Startups working in the field of sustainability, renewable energy, climate change and circular economy and consider amending any existing policy or incentive for Startups in the UT to support these Startups.

3. The UT may undertake sensitisation workshops with Startups, Incubators and other stakeholders in the field of sustainability, renewable energy, climate change and circular economy.

Annexure

List of Figures

Abbreviations

UT: Union Territory

IT: Information Technology

ITeS: IT-enabled services

DBRAIT: Dr. B. R. Ambedkar Institute of Technology

PwD: Persons with Disabilities

HEIs: Higher Educational Institutes

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