Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry and Internal Trade

#startupindia

STATES' STARTUP RANKING 2022
EMERGING ECOSYSTEMS

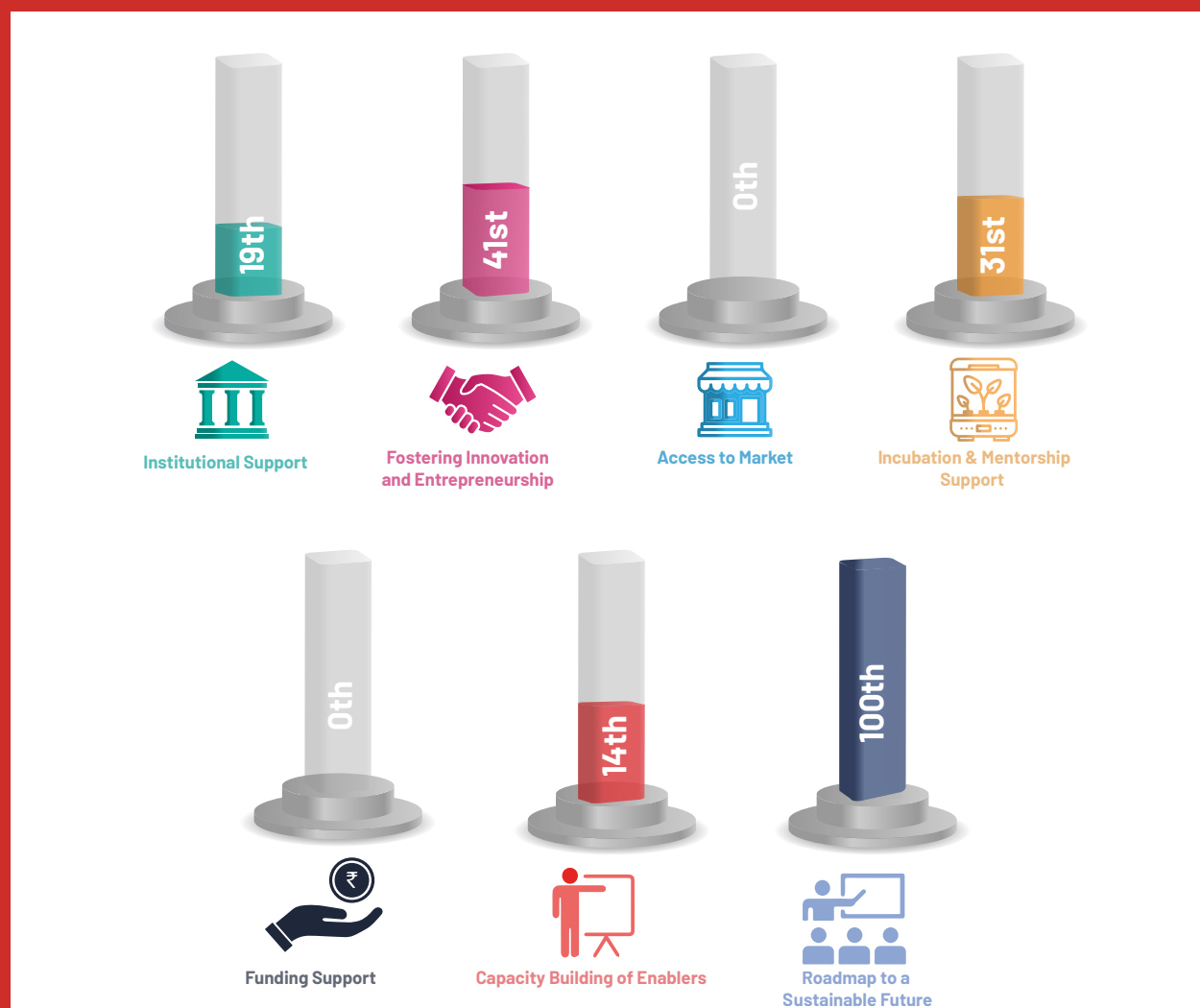# SIKKIM

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States' Startup Ranking 2022 Results

Sikkim participated in 14 Action Points of the Ranking Framework 2022. Sikkim 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 Sikkim 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.

Sikkim 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.

19th	41st	0th	31st
Institutional Support	Fostering Innovation and Entrepreneurship	Access to Market	Incubation & Mentorship Support

0th	14th	100th
Funding Support	Capacity Building of Enablers	Roadmap to a Sustainable Future

STATE STARTUP ECOSYSTEM

Sikkim, is one of the smallest states in India, located in the north-eastern part of the country, in the eastern Himalayas. The capital is Gangtok, in the south-eastern part of the state.

In Sikkim, industry plays a vital role in the economy of the State. The Department of Industries in Sikkim is instrumental in bringing about a rapid growth in the industries of Sikkim. Due to the growth of population, the problem of unemployment is surging upwards, therefore, the Department of Industries has formulated certain policies in order to bring about a stability in the situation.

The Government of Sikkim has formulated the Skilled Youth Start Up Scheme which is intended to generate equitable entrepreneurial opportunities in rural as well as urban areas of the State, particularly among the educated unemployed youth to become self-employed. The scheme is implemented by the Department of Commerce & Industries through the District Industries Centres (DICs) for appraisal of the projects, their financial viability and providing assistance for their credit linkage with the financial institutions and line Departments.

State Startup Policies and Incentives

The Skilled Youth Startup Scheme was initiated to promote entrepreneurial qualities amongst the local unemployed youth and encourage them to set up any commercially viable/ bankable business venture in any sector including agriculture/ horticulture/ food processing/animal husbandry/ handloom & handicrafts/ retail/ tourism/ services/ manufacturing etc. in the state.

The scheme is applicable to all areas in the state including rural and urban areas. Following are the broad categories of support provided by the State government under the Startup policy:

Financial Incentives such as seed capital, grants, and subsidies to reduce the initial financial burden.

Incubation Centres and co-working spaces to provide startups with infrastructure, mentorship, and networking opportunities.

Skill Development to enhance the skills of the local workforce, ensuring they are equipped to meet the needs of emerging startups.

Regulatory Support

Industry Collaboration

Highlights of State Startup Ecosystem

The UT Government has undertaken several initiatives to boost Startups in the UT

45+
Startups Registered

15+
Startups receiving incubation support

100+
Startups have received acceleration support

30+
Startups connected with mentors by state supported incubators

15+
Government Departments providing support to startups.

980+
Startups with rural impact supported

4
programs undertaken in Higher Educational Institutions to support student entrepreneurs

Key Initiatives Driving Growth

This initiative by the Sikkim Entrepreneurship and Economic Development (SEED) Cell in collaboration with the State Education Department, with the mission of 'One Family, One Entrepreneur,' aims at inspiring and empowering college students to embark on the path of entrepreneurship and innovation in accordance with the mission of 'One Family, One Entrepreneur.'[1]

The SEED CELL organized an Entrepreneurship Development Programme (EDP) for three days in July aimed at benefiting the applicants of the State Government Scheme SYSS (Skilled Youth Startup Scheme).

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[1] https://sikkim.gov.in/media/press-release/press-info?name=CHIEF+MINISTER+LAUNCHES+ENTREPRENEURSHIP+ AND+INNOVATION+LAB+FOR+STUDENTS#:~:text=This%20initiative%20by%20the%20Sikkim,innovation%20in%20 accordance%20with%20the

The objective of the program was to equip participants with the necessary skills, knowledge, and resources to transform their ideas into sustainable businesses through hands-on workshops, guidance from experts, and networking opportunities.

The Department of Commerce & Industries undertook several workshops and entrepreneurship events to promote innovation in student entrepreneurs in (Higher Entrepreneurship Institutes) HEIs targeting, youths, aspiring entrepreneurs make them self-dependent.

The sessions were focused on addressing the queries and concerns of the participants and providing them with guidance and support to help them grow their businesses by addressing the importance of promoting local industries and products to make India self-reliant and achieve the goal of Atmanirbhar Bharat.

Emphasis was also given to maintaining high quality production in India.

Sikkim Startup Ecosystem Workshop- Skill Development

The Micro, Small and Medium Enterprises (MSME) Division organised a day-long workshop on Sikkim Startup Ecosystem.

Various fields of entrepreneurship in the State were listed out that one can select as their potential startup venture and deliver diverse products and services at both national and international levels.

The state guaranteed that they will extend full support in addressing various constraints to small and growing businesses and urged the participants to follow up after trainings for further support and skill development.

Institutional Support

Introduction

Institutional Support focuses on the execution and facilitation of the State startup policy through a comprehensive portal and specific incentives provided by various Government stakeholders. This Reform Area focuses on the access to information for startups on the State-supported initiatives. It analyses whether a particular State has a functional startup portal offering single window solutions for all startup ecosystem stakeholders. A holistic startup portal offers services ranging from startup registration to an efficient grievance redressal mechanism in making information accessible and inclusive through the functionality of local languages. A special focus has been drawn towards women-led startups with specially tailored incentives and schemes to ensure equitable implementation. The Reform Area also emphasizes on institutionalized support provided to the startups from various State Government departments.

State Performanc

Way Forward

1. The State may to create a dedicated Startup Portal with essential information to assist startups and entrepreneurs. This includes details on the State's startup policy, necessary approvals for startup registration, and operational clearances. The portal should also feature information about the State Nodal Officer, relevant department details, and a specialized team dedicated to supporting startups.

2. The State may focus to enhance accessibility and support, the portal should incorporate a dedicated helpline or call-centre for startups. Additionally, it should streamline the startup registration process, integrating APIs with Startup India.

3. The State may ensure that the information about the State-supported incubators and accelerators, along with available incubation support, should be readily available.

4. The portal should highlight the availability of mentorship programs, public procurement support, and funding opportunities for startups. Information about departments providing institutional support and the accessibility of the website in the local or official language is crucial for effective communication.

5. The State may give more importance to inclusivity, ensuring the website is accessible to Persons with Disabilities (PwD).

6. The portal should include a section dedicated to marketing and outreach activities, encompassing events, webinars, mentorship sessions, and other relevant initiatives to foster the growth of startups.

7. The State in State Startup portal or a separate unified web platform may develop or include a mechanism for startups to submit requests or grievances with a tracking mechanism.

8. The State may make it imperative that the requests or grievances or issues on provision to avail all types of funding, including seed funding, subsidized loans, Government grants, sustenance allowance, debt or equity financing through incubators, venture funding, public procurement amongst others, may be addressed on the platform.

9. The State may consider focusing on the query response timeframe being mentioned in the public domain through a State notification/ Government order/ FAQs

   suggestive to be less than 30 days.

10. The State government departments, in addition to the Nodal Department, could offer sustained support to startups. This backing may come in the form of enduring programs, hackathons, grand challenges, incubation assistance, funding programs, venture funding, provision of open data APIs, public procurement support, and other initiatives aimed at promoting long-term viability.

11. Beyond the State Startup Policy, the State may consider the scope to introduce a wider array of policies and schemes that cater to the needs of stakeholders in the Startup ecosystem.

12. The State may incorporate support for Startup ecosystem stakeholders in various State sectoral policies, schemes, or other relevant frameworks. To enhance transparency and accessibility, any modifications made, and their respective details should be promptly made available on the State Startup Portal, ensuring easy access to up-to-date information.

Fostering Innovation & Entrepreneurship

Introduction

Fostering Innovation and Entrepreneurship seeks to encourage the spirit of innovation among aspiring students and rural entrepreneurs. It focuses not only on the assessment of the total number of registered startups in each State, which is a direct result of the State support but also on the regulatory reforms undertaken to support startups in disruptive sectors. This Reform Area assesses the extent to which Higher Educational Institutes (HEIs) have been engaged in providing support to student entrepreneurs. It also highlights the value of innovation through disruption and promotes State-supported technological disruption to help drive innovation.

State Performance

The Micro, Small and Medium Enterprises (MSME) Division under Commerce and Industries Department, Government of Sikkim in coordination with Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India organized a day-long workshop[2] on Sikkim Startup Ecosystem.

Sikkim has been recognized as an emerging startup ecosystem and the State government has taken praiseworthy initiatives to promote, groom and upscale the capacities of aspiring entrepreneurs and help them standardize their businesses.

Figure A : Inauguration of the Workshop

[2]https://industries.sikkim.gov.in/wp-content/uploads/2023/05/Workshop-on-Sikkim-Startup-Ecosystem-Nov-21-2022.pdf

Recommendations

1. The State may consider that all startups getting registered within the state should also complete registration with DPIIT.

2. The State may promote gender diversity in entrepreneurship, by incorporating specific incentives for startups led by women into its startup policy. This could encompass a sustenance allowance for women-led startups.

3. Alongside incentives, the State may consider reserving a dedicated quota for funding grants and incubation support exclusively for women-led startups.

4. The State may consider fostering increased partnerships with organizations running programs in educational institutions, specifically targeting support for student entrepreneurs.

5. The State may organize diverse events such as business plan workshops, faculty awareness sessions, bootcamps, entrepreneurship and innovation classes, lectures, and meet-and-greets focused on fostering entrepreneurship.

6. The State may collaborate with government entities, nodal institutes, and incubators in Higher Education Institutes to conduct informative sessions for startups and students.

7. The State may conduct workshops featuring case studies on the latest rules, regulations, and acts affecting startups in disruptive sectors. Involve government departments in these workshops for effective knowledge dissemination.

8. The State may develop a comprehensive Entrepreneurship course aimed at cultivating students' entrepreneurial aspirations. Ensure that the course provides foundational knowledge and skills necessary for venturing into the entrepreneurial realm.

9. The State may implement bi-annual sessions to educate students about the various incentives and benefits available to budding entrepreneurs within the State.

10. The State may facilitate networking events connecting students with investors, industry professionals, and fellow entrepreneurs. A robust network is essential for future collaborations and business growth.

Access to Market

This Reform Area seeks to encourage the State Government to ease participation in the public procurement process for startups and become an enabler in connecting startups with private stakeholders. The States are evaluated based on the support provided by them to startups through the organization of showcase opportunities such as Demo-Day, Buyer-Seller Meet, National and International Events, and relaxation in rules 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

Recommendations

1. The State may consider the feasibility of incorporating flexible measures in procurement proposals within the State, to actively promote the involvement of startups in public procurement processes.

2. The State may earmark a designated percentage of overall procurement conducted by State departments and Public Sector Undertakings (PSUs) for acquisition from startups, fostering an environment conducive to their participation.

3. The State may consider developing a specialized section on the official Startup website dedicated to public procurement activities may be developed. This page would comprehensively outline exemptions and details relevant to startups participating in procurement processes.

4. The State may focus on strategizing programs aiming to establish connections between startups and government departments may be initiated. These programs would facilitate the presentation of case-specific solutions to departments, promoting increased engagement in procurement activities.

5. The State may conduct workshops on the Government e-Marketplace (GeM) and Demo Days to familiarize startups with the procurement platform and provide opportunities to showcase innovative solutions.

6. The State may organize Grand Challenges and Hackathons as platforms for startups to showcase capabilities and present innovative solutions aligning with the requirements of government departments.

7. The State may establish Innovation Zones to facilitate collaboration between startups and government entities. Additionally, Buyer-Seller Meets may be organized to encourage direct interactions between startups and procurement decision-makers.

8. The State may conduct Informational programs, including GeM workshops, Demo Days, and Buyer-Seller meets, these may be extended through streaming on the startup portal and online platforms. This approach ensures broader accessibility and awareness among the startup community.

9. The State may undertake initiatives to forge connections between startups and relevant State Government departments, Central Public Sector Enterprises (CPSEs), State Public Sector Enterprises, and other government organizations with an objective to facilitate collaborative engagement, allowing startups to explore potential pilot projects and expand their market reach nationally and internationally.

10. Such expansion opportunities need to be facilitated through showcases of products and specialized programs designed to enhance visibility and accessibility in both domestic and global markets.

11. The State may place greater importance on organizing National and International events incorporating elements such as exhibitions, pitching sessions, and seminars. Diverse participation may be encouraged by inviting startups from more than five states or countries.

12. The State may emphasize enhancing transparency and attract potential participants, detailed information regarding deployment opportunities available to startups through the event should be prominently featured on the State Startup Portal.

Incubation and Mentorship Support

Incubation support is provided in the form of financial and infrastructural support to startups and State supported incubators. The State Governments have been supporting incubators to set up or upgrade existing facilities through funds and incentives to enhance the incubation infrastructure. This Reform Area also aims at ensuring proportionate utilization of the incubation capacity of the State-supported incubators. The support provided by the State to the incubators through programs and incentives will in turn help startups in scaling up and thereby, contribute to the growth of the State startup ecosystem.

State Performance

The AIC-SMUTBI Foundation has been promoting and supporting young entrepreneurs to cultivate their abilities to create valuable human resources, rather than relying solely on traditional manpower to meet the needs of various industries. This incubation center focuses on admitting young entrepreneurs with innovative ideas that have market potential and guide them to become employers rather than employees.

Figure B: AIC-SMUTBI Foundation

The ICFAI University Sikkim provides a supportive environment, including mentoring, dedicated space, training, networking opportunities, internet access, and other resources that can help individuals turn their dreams into reality.
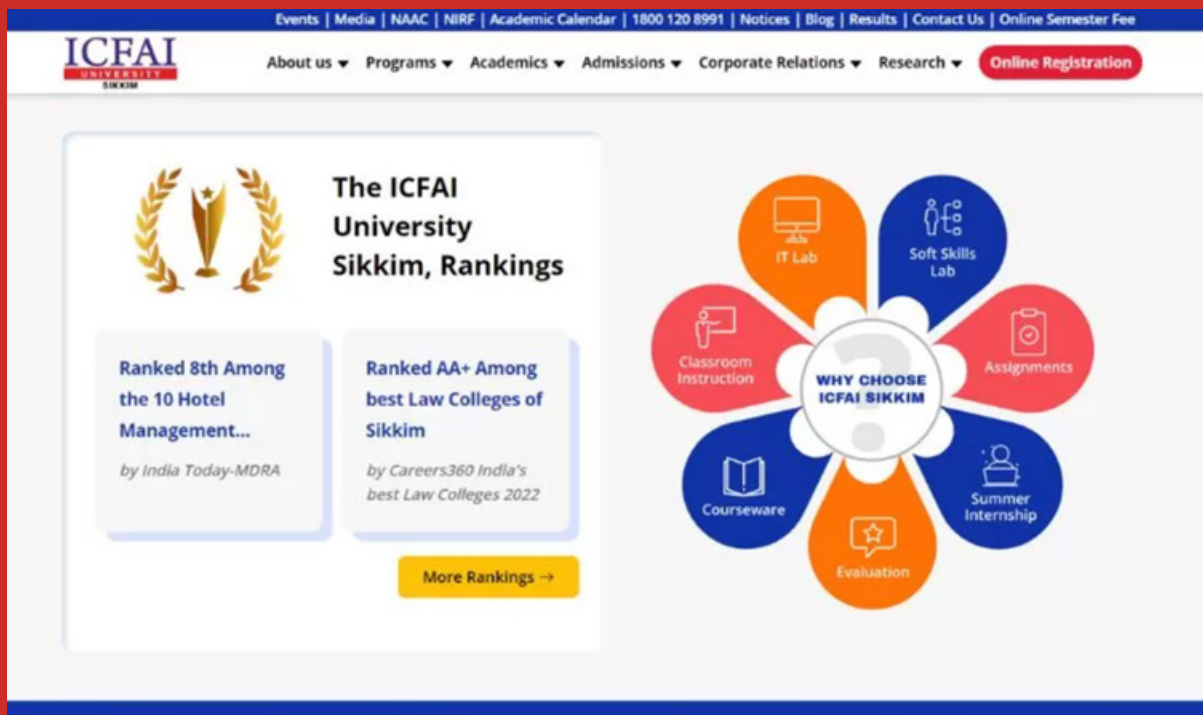

Figure C : ICFAI University Sikkim

Recommendations

1. The State may create a specialized segment on the State Startup Portal that facilitates seamless connections between startups and incubators through a dedicated incubator dashboard.

2. The State may explore opportunities to enhance the functionality of existing incubators and assess the viability of establishing new ones to bolster the expanding startup ecosystem, given the flourishing entrepreneurial enthusiasm in the State.

3. The State may provide substantial support to incubators by extending one-time capital assistance, fully reimbursing stamp duty and registration fees, offering power tariff subsidies, and covering the entire electricity duty paid during the initial 5 years.

4. The State may simplify the enrollment process for incubation programs through the creation of a centralized form.

5. The State may encourage startups to contribute ratings and acknowledgments, providing valuable feedback for continual enhancement.

6. The State may categorize registered mentors as the mentorship network grows to offer startups sector-specific guidance, ensuring more focused and impactful mentorship.

7. Moving forward, the State may orchestrate acceleration programs and focus on broadening their impact. There is an opportunity to extend the reach of these programs by harnessing virtual formats, allowing for an expanded audience. Leveraging the virtual platform presents the chance to connect with stakeholders both nationally and internationally.

8. The State may actively engage and establish connections with mentors beyond its borders, both at the national and international levels. Exploring virtual mentorship options through video calls would provide valuable insights by tapping into diverse national and international experiences.

9. The State may focus on enriching the mentorship landscape, by considering broadening its network to include experts from pertinent sectors. This expansion may involve collaborating with industry specialists, corporate professionals with domain-specific expertise, individuals from the financial sector with funding insights, and accomplished entrepreneurs.

10. The State may curate and maintain a comprehensive list of registered mentors categorized by sectors in order to enhance accessibility. This valuable information could be readily accessible through the State startup portal, ensuring transparency and ease of engagement for startups seeking mentorship.

Funding Support

All startups require timely availability of funding for their growth. This Reform Area encourages various State Governments to establish either Seed or Venture funds or Fund of Funds for startups. It also focuses on the access to these funds established by the State Government. A special focus has been given to initiatives and programs undertaken for connecting startups with private investors through workshops, networking events, pitching sessions, and investor networking events.

State Performance

State will set up a MSME Development and Rehabilitation Fund and operationalise appropriate schemes for development of MSMEs as backup or promoter's contribution or collateral as well as rehabilitation of units temporarily rendered sick or due to circumstances beyond their control. Any Central assistance by way of grants or waiver of tax or other liabilities will be accessed. A fund of Rs. 100 crores are proposed to be earmarked for the policy period of 5 years.

Financial assistance upto Rs. 1 crore will be supported for common infrastructure facilities or Common Facilitation Centres from the Industrial Development Fund (IDF) in cluster development areas taken up under MSME schemes.

Way Forward

1. The State may diversify the mentorship network by including experts from relevant sectors such as industry specialists, corporate professionals with field-specific experience, individuals from the financial sector with funding insights, and successful entrepreneurs.

2. The State may explore engagement with mentors at national and international levels, considering the option of virtual mentorship through video calls.

3. The State may categorize registered mentors to provide startups with sector-specific guidance, as the number of mentors grows.

4. The State may introduce a dedicated loan scheme to support startups in their early stages and explore and implement accessible funding options, including loans or equity, tailored to meet the financial needs of startups.

5. The State may integrate an online dashboard into the State startup portal, offering comprehensive details of government-sponsored or supported funding opportunities. Maintain transparency through an online dashboard, highlighting government-sponsored or supported funding details.

6. The State may implement an efficient online fund disbursement mechanism, capturing transaction details for enhanced financial transparency.

7. The State may present detailed fund information, including eligibility conditions, on the startup portal, facilitating easy application for financial support.

8. The State may diversify government funding for startups, encompassing grants, monthly allowances, and interest subsidies to address varied financial requirements.

9. The State may actively publicize information on government-provided grants to ensure startups are aware of and can access available financial support.

10. The State may prioritize the organization of events and conferences dedicated to funding, facilitating discussions on funding opportunities and processes within the startup community.

Capacity Building of Enablers

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 sensitization 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

State Performance

Way Forward

1. The state is encouraged to meticulously document workshops and programs, maintaining comprehensive records of discussions and detailed participant information.

2. The State may organize monthly virtual programs across different districts to create awareness among potential investors about the opportunities for investing in startups.

3. The State may facilitate the capacity development of state-supported incubators through workshops, collaborating with incubators from other states to foster mutual learning opportunities.

4. Each workshop may cover the topics related to policy and regulations related to startup ecosystem in India, Sessions on benefits and the role of the government of Sikkim in encouraging entrepreneurship and national and global practices.

5. The State may collaborate with the State supported incubators for conducting capacity development programs in other incubators would be considered for evaluation.

6. The State may provide the financial support to the incubators for capacity building programs conducted in other States or countries, private and international organizations will also be considered.

7. The Government of Sikkim may hold quarterly sensitization workshops for various Government departments and officials to encourage them to interact with startups to understand their concerns.

8. The State may focus to enhance the presence of early-stage investors within the national startup ecosystem by raising awareness among potential investors. This includes individuals from family businesses, corporate entities, and small entrepreneurs, enlightening them about the potential of startups as an attractive asset class. The primary objective should be to empower aspiring or emerging investors, providing them with the knowledge and skills to deepen their engagement in early-stage investing.

Roadmap to a Sustainable Future

Introduction

Roadmap to a Sustainable Future seeks to encourage the spirit of innovation in rural startups, focused on sectors like renewable energy, sustainability, and climate change. Special focus is given to startups working on Circular Economy.

The aim is to steadily increase the number of rural and future sectors in sustainability by established players in their respective sectors and cater to circular economy.

State Performance

Way Forward

1. The State 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 State to support these startups.

2. The State should clearly articulate the eligibility criteria for startups making a rural impact, emphasizing their ability to generate employment, introduce rural-focused

innovations, or meet specified benchmarks and ensure this information is easily accessible to the public.

3. The State may establish explicit and comprehensive incentives for startups, encompassing categories such as seed funding, venture funding, procurement opportunities, incubation support, mentorship programs, capacity development workshops, subsidized loans, marketing assistance, and stipends or grants.

4. The State may tailor incentives specifically for startups engaged in sustainability, renewable energy, climate change, and the circular economy.

5. The State may evaluate and potentially revise existing policies or incentives to better align with the unique needs of startups in these crucial sectors.

6. The State may organize collaborative brainstorming workshops involving mentors and startups, with a particular emphasis on grassroots startups and disseminate the outcomes of these workshops through television or video streaming platforms to enhance engagement and potentially stimulate the growth of grassroots startups within the UT.

7. The State may stimulate market demand for sustainability-related products by aligning regulations, policies, or procurement norms with principles of Reuse, Recycle, Reduce, and incorporating elements like urban farming and carbon capturing.

8. The State may provide support, whether in the form of grants, mentorship, capacity development sessions, or other non-monetary assistance, to beneficiaries of all policies and schemes aiming to enhance sustainability-related initiatives in the UT.

Annexure

List of Figure

Abbreviations

District Industries Centres (DICs)

Sikkim Entrepreneurship and Economic Development (SEED)

Entrepreneurship Development Programme (EDP)

Skilled Youth Startup Scheme (SYSS)

Micro, Small and Medium Enterprises (MSME)

Persons with Disabilities (PwD)

Higher Educational Institutes (HEIs)

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