



सत्यमेव जयते

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

#startupindia

❖ STATES' STARTUP RANKING 2022 ❖  
BEST PERFORMER

—  
TAMIL NADU





# TABLE OF CONTENTS

<b>States' Startup Ranking 2022 Results</b> .....	<b>5</b>
<b>State Startup Ecosystem</b> .....	<b>6</b>
State Startup Policies and Incentives .....	6
Highlights of State Startup Ecosystem .....	7
Key Initiatives Driving Growth .....	9
<b>Institutional Support</b> .....	<b>10</b>
Introduction .....	10
State Performance .....	10
Way Forward .....	12
<b>Fostering Innovation &amp; Entrepreneurship</b> .....	<b>12</b>
Introduction .....	12
State Performance .....	13
Way Forward .....	14
<b>Access to Market</b> .....	<b>15</b>
Introduction .....	15
State Performance .....	15
Way Forward .....	16
<b>Incubation and Mentorship Support</b> .....	<b>17</b>
Introduction .....	17
State Performance .....	17
Way Forward .....	18
<b>Funding Support</b> .....	<b>19</b>
Introduction .....	19
State Performance .....	19
Way Forward .....	20
<b>Capacity Building of Enablers</b> .....	<b>21</b>
Introduction .....	21
State Performance .....	21
Way Forward .....	23
<b>Roadmap to a Sustainable Future</b> .....	<b>23</b>
Introduction .....	24
State Performance .....	24
Way Forward .....	25
<b>Annexure</b> .....	<b>26</b>
List of Figures .....	26
Abbreviations .....	27



# States' Startup Ranking 2022 Results

Tamil Nadu participated in all 7 Reform Areas and 25 Action Points of the Ranking Framework 2022. Tamil Nadu's 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 Tamil Nadu 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.

Tamil Nadu 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.





# STATE STARTUP ECOSYSTEM

Tamil Nadu is a southern Indian State with a rich history and culture. It is the 10th largest State of India, with a population over seven crore (census 2011). During the FY 2022-23, the State contributed to over 9% of India's Gross Domestic Product (GDP).<sup>1</sup>

Tamil Nadu is one of the leading States in India in terms of economic development with home to **38,000+** factories, one of the highest in India. Its economy is diversified with contributions from the agriculture, industry, and services sectors.

The State is rapidly emerging as a vibrant hub within the country's Startup ecosystem. There is a strong emphasis on fostering innovation and entrepreneurship, supported by State Government initiatives like the Tamil Nadu Startup and Innovation Mission (TANSIM) and the Startup Tamil Nadu (Startup TN) portal.

Startup TN is the nodal agency for promoting Startups and innovation in Tamil Nadu. The Mission Director oversees the implementation of various initiatives outlined in the Startup and Innovation Policy, and the mission is governed by a Board of Directors appointed by the State Government.

## State Startup Policies and Incentives

Tamil Nadu aims to become one of the top **20** global Startup destinations by 2032. With this vision, the State Government has drafted the Tamil Nadu Startup and Innovation Policy 2018, which is based on the following pillars:

- **Individual-based subsidy on the value of capital investment**
- **Mitigate unemployment problems, State Government provided a subsidy under the Unemployed Youth Employment Generation Program (UYEGP)**
- **Subsidy under the Prime Minister's Employment Generation Program**
- **Capital subsidy for small and medium manufacturing enterprises on plant and machinery**
- **Additional capital subsidy for women/ SC/ ST/ differently abled/ transgenders people**
- **Additional capital subsidy for the promotion of cleaner and environment-friendly technologies-green tech**

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<sup>1</sup>Based on RBI Statistics

- Reimbursement of employer's contribution to EPF
- Subsidy on power consumption charges for micro-manufacturing enterprises
- Reimbursement of cost incurred on acquiring Quality Certification (Q-CERT)
- Reimbursement of stamp duty and registration charges
- Reimbursement of cost of patent registration in India or abroad
- Reimbursement of expenditure incurred for listing in SME Exchange
- Exemption in criteria of prior existence and turnover criteria, EMD payments, and waiver of tender cost to Startups in public procurement

## Highlights of State Startup Ecosystem<sup>2</sup>

**2250+**

Startups Registered

**140+**

Women-led Startups

**~2000**

Startups supported by State-supported incubators

**15+**

Government policies to support Startups

**250+**

Programs conducted in Schools and HEIs

**INR 20+ Cr**

State-supported funds disbursed to 240+ Startups

**200+**

Startups provided access to market and showcase opportunities

**100+**

Startups working towards a sustainable future

<sup>2</sup>Based on the SRF 2022 state submissions





# Key Initiatives Driving Growth

The Tamil Nadu Startup and Innovation Policy is a comprehensive, forward-looking initiative that aims to drive growth through innovation, entrepreneurship, and creation of a supportive ecosystem for Startups. Some key initiatives by the State to support the Startup ecosystem are as follows:

- **Sectoral Focus<sup>3</sup>** : Strengthening of support infrastructure in critical sectors such as transportation, logistics, healthcare, agriculture, renewable energy, fintech, and information technology. The State recognises the potential of these sectors for innovation and growth.
- **Access to Funding**: Establishment of four funds such as Tamil Nadu Startup Seed Fund (TANSEED), Emerging Sector Seed Fund, Tamil Nadu SC/ ST Startup Fund, and Innovation Voucher Program to support Startups at different stages.
- **Skill Development**: Emphasis on skill development and introducing entrepreneurship as part of the curriculum in educational institutions and facilitating training programs to bridge the gap between industry requirements and current education.
- **Special funding Scheme**: Formulation of a special fund for green-tech (sustainability, climate change, renewable energy, and circular economy sectors), women-led, and rural impact Startups.
- **S2G Buy Day (Startup to Government)<sup>4</sup>** : S2G Buy Day is an initiative by Startup Tamil Nadu to streamline Government procurement for Startups and help them foster connections with local investors and mentors.
- **Women Entrepreneur Development Program**: Entrepreneurship Development and Innovation Institute (EDII) offers special entrepreneurship training program for aspiring and existing women-led Startups.
- **Geographical Expansion**: Startup hubs are being created in various locations such as Chennai, Coimbatore, Salem-Erode, Madurai, and Vellore. The Government of Tamil Nadu has organised many workshops to sensitise State Government officials and potential investors on this.
- **Global Outreach**: Establish global connections and place Tamil Nadu as a preferred Startup investment destination. For this, Startup Tamil Nadu has organised workshops in the USA and in the UAE.

<sup>3</sup> Focused Sector: final policy (tidco.com)

<sup>4</sup> S2G: Newsletter October 2022 2 (Startuptn.in)

# Institutional Support

## Introduction

Institutional Support focuses on the facilitation and execution of the State/UT's Startup policy through a comprehensive user-friendly portal and specific incentives provided by various Government stakeholders. This Reform Area focuses on paving 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 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.

The State of Tamil Nadu has made a helpful Startup portal that provides all important information in one place. It acts as a one-stop solution with everything the Startups in the state might need, making it easy for everyone involved in the Startup ecosystem in Tamil Nadu.

## State Performance

**~15 days**

Average Query Resolution Timeframe

**15+**

Active Policies to support startups

The Tamil Nadu Department of Micro, Small, and Medium Enterprises has launched a comprehensive Startup portal called Startup TN<sup>5</sup>, which acts as a centre of information ranging from Startup registration to Government directives, incentives, and connecting with mentors. The portal can be accessed in English and Tamil.



Figure A: QR code of Startup Tamil Nadu Portal

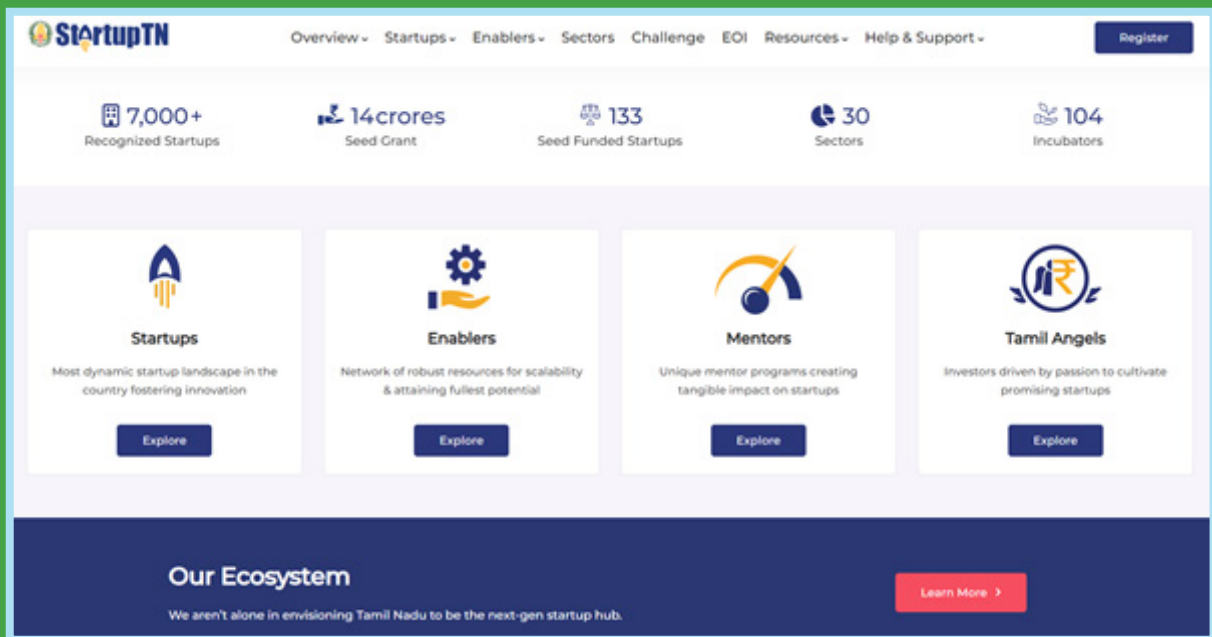


Figure B: Homepage of Startup TN Portal

Startup Tamil Nadu also offers a mechanism for Startups to raise and track their queries on several issues such as incubation support, funding support, public procurement grievances, regulatory issues, technical assistance, and so on. A raised ticket can be tracked through the website and the average query resolution time is five days.

**Startup TN provides easy access to information such as:**

- **State Startup Policy and details of all state level approvals and clearances required for registering and operating a Startup in the State**
- **Details of State Nodal Officer, Nodal Department and Dedicated team for Startups**
- **Details of dedicated helpline or call centre number on Startup portal**
- **List of incubators and accelerators with contact details**
- **List of mentors**
- **Details of public procurement relaxation for Startup on portal**
- **Details of availing funding support**
- **Details of departments providing institutional support to Startups**
- **Details of marketing, outreach, events, webinars on State**
- **Virtual tour/demo of portal**
- **The portal is also accessible to persons with disabilities (PwD)**

Additionally, several other State departments such as the Department of Social Welfare and Women Empowerment, the Tamil Nadu Industrial Development Corporation Limited, and the Information Technology Department have laid out **15+** schemes and policies to support Startups.

## Way Forward

- The State may develop the functionality of Chatbot for Query/ Grievance resolution on Grievance portal for quick resolution on basic queries or Grievances further reducing TAT of resolution.
- More number of State Government departments (excluding nodal departments) may be added for providing institutional support to Startups. Other avenues such as periodically capacity building support, mentorship or public procurement support may be provided to further strengthening the Startup ecosystem.
- Specific departments of the State may come up with Startup or incubator related incentives and relaxations to support the Startup ecosystem.

# Fostering Innovation & Entrepreneurship

## Introduction

Fostering Innovation and Entrepreneurship, as the name of 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 (HEIs) 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.

Tamil Nadu State Government is fostering a vibrant Startup ecosystem in the State that will contribute towards elevating economy of Tamil Nadu. The State has **7000+** registered Startups with more than **2250** Startups registered in the period of consideration under SRF 2022. The State, as per its Startup Policy, has offered support in terms of seed funding, venture funding, procurement, incubation support, mentorship, capacity development workshops, provision of subsidised loans, and marketing assistance or stipends or grants to over **140** Women-led Startups.

# State Performance

**7000+**

Registered Startups in period of consideration

**250+**

Programs conducted for Student in Schools and HEIs

The State has conducted more than **20** events to support student entrepreneurs. Such events were held at schools throughout the State with over **3000** students attending them. One such event held was:

- **Tech Business for School Level Startups**

It was a workshop that took place at Maharishi Vidya Mandir, attracting 120 student participants. The session covered various aspects of entrepreneurship, including idea creation, validation, market validation, scalability, production, and marketing.

Another program, "How to Inspire Entrepreneurial Thinking in Students?" was hosted at Chennai Higher Secondary School. This session aimed to educate students about opportunities in the futuristic world, specifically focusing on digital marketing, artificial intelligence, IoT, value addition processes, and online platforms.



Figure C: Event Pictures from workshop on Tech Business for School-Level Startups

The State has arranged over **240** programs in HEIs to support the growth of future entrepreneurs. These events were attended by more than **65000** students. Few of such events are highlighted below:

Startup TN organised a Faculty Development Program on “Design Thinking and Entrepreneurship” for **60** faculty members. Participants gathered insights on developing business ideas for Startup by facing the challenges put before and breaking the barriers to build a successful platform.



Figure D- Event picture from workshop on Design Thinking and Entrepreneurship

Startup TN in collaboration with the Kalasalingam Academy of Research and Education, organised a bootcamp for students from HEIs. Around 95 students from three colleges took part in this program. Given the constant changes in the digital marketing world, the bootcamp covered both foundational practices and the latest platforms. They aimed to teach participants the skills to anticipate future trends and work in this field.

## Way Forward

- **The State may consider analysis of its database of Startups to evaluate the Startups registered for five years and more.**



- The State may organise interaction events for students with successful entrepreneurs and industry experts. Students will get a chance to understand the real-world challenges and opportunities that exist in the Startup Ecosystem through these events.

# 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/UTs 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.

The State Government offers concessions to Startups to boost their involvement in the public procurement process. Startups are exempted from requirements such as "Prior Turnover," "Prior Experience," and the "Submission of Earnest Money Deposit (EMD)."

## State Performance

**60+**

Work orders given to Startups, with the total value of all work orders worth more than 15 Cr

The State also provided market access and showcase opportunities to **200+** Startups through pitching sessions, webinars, grand challenges, and hackathons, during the period of consideration. All of these events saw an average attendance of at least **20** participants. Some of these events are briefed below:



Figure E: Logo of Startup TN Brand Labs

Startup TN Brand Labs is a community-driven forum to support Startup founders, aspirants, and students to build their brands. The Brand Labs forum comprises of industry experts, successful brand builders, entrepreneurs, Startup founders and aspiring entrepreneurs.

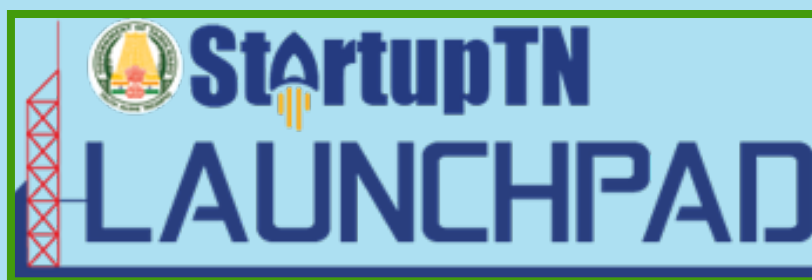


Figure F: Logo of Startup TN Launchpad

Startup TN Launchpad is the first of its kind initiative in Tamil Nadu by Brand Labs. This is a platform for founders to launch their novel products and services. Launchpad aims to provide visibility to Tamil Nadu-based Startups and help them to get initial traction.

## Way Forward

- The State may give mandate to each State Departments and State PSUs to compulsorily procure a certain percentage of required goods or services from registered startups.
- The State may undertake more programs to connect Startups to Government departments as well to present case-wise solutions to the departments and promote procurement activities by them. These programs could be GeM workshops, Demo Days, Grand Challenges, Hackathons, Innovation Zones, Buyer-Seller meets, and corporate innovation programs. The informational programs conducted could be streamed on the Startup portal and online streaming platforms for wider reach.

# 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/UT network of mentors.

The State has encouraged the entrepreneurial spirit by supporting programs and services provided through State-supported incubators. **80+** incubators have been supported by the State through State Government Entrepreneurship Development and Innovation Institute (EDII)-TN, Software Technology Park of India (STPI), and TANSIM. The State has additionally aided 1950+ Startups by providing incubation support.

## State Performance

**70+**

Existing incubators supported

**1600+**

Startups supported through incubation programs

**100+**

Startups supported through acceleration programs

**100+**

Startups provided mentorship support

**5+** acceleration programs were organised by the State to support **100+** Startups in terms of mentorship, free research and development facilities, free trainings, and funding. One such accelerator program has been briefed below:

Startup TN, in collaboration with FORGE, offers a Startup Accelerator Program designed to assist Startups in 'Industry-Tech' and related sectors in expanding their innovative technologies and products for industrial applications. The program adopts an engagement model, providing valuable services and resources such as strategic advisory, coaching, expert mentoring, and investor connections. This support is delivered through bootcamps, workshops, and one-on-one consulting hours.

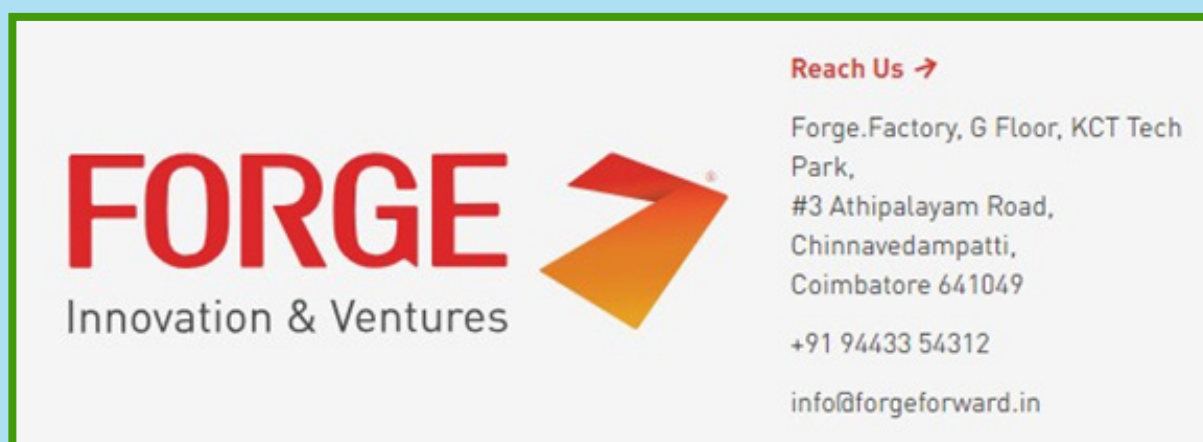


Figure G: Logo and Address of FORGE

Startup TN has also launched an exclusive portal with the objective of building a database of mentors, which, till now, have facilitated over **100** Startups. The portal enables any Startup founder to connect with the right mentor.

## Way Forward

- The State may develop key performance indicators for incubators enabling them to make better decisions and give them direction. Capacity utilisation is an important metric for assessing the performance of incubators.
- State may organise the programs in hub and spoke model differentiating between Startups and scaleups and launch an integrated district level acceleration and incubation programs.
- The State may increase the reach of the acceleration programs. The State can leverage the virtual format for holding seminars and discussions. In this way, the State could take advantage of this opportunity to connect with stakeholders outside the State as well as outside the country.

- To create a strong network of mentors for providing sector-specific knowledge and real-world practical guidance to the Startups, the State may further look to engage and connect with mentors outside the State, at the national as well as international level. The possibility for virtual mentorship through video calls may 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 Startup ecosystem by connecting Startups with investors such as workshops, networking events and pitching sessions.

The State has supported **240+** Startups with different funding options. These Startups have been sanctioned a funding support of **INR 23+ Cr**. The State has also conducted **10+** programs to connect Startups with funds or investors. These events were attended by **25+** private investors and they were connected to **130+** Startups.

## State Performance

**INR 30 Cr+**

Worth of funds supporting  
150+ Startups

**10+**

Programs to support  
Startup with private funds  
or investors

**150+**

Startups received funding  
support worth INR 8 Cr+

The State has established a fund called the Tamil Nadu Startup Seed Fund (TANSEED) to support Startups. TANSEED has been revamped to function as a support equity-linked grant fund scheme. It provides early-stage Startups with funding of up to INR 15 lakhs for rural impact, climate action, and women-led Startups, and INR 10 lakhs for other sectors.

The Tamil Nadu Emerging Sector Fund (TNESSF) is a sector agnostic fund that caters to broad-based economy of the State. TNESSF targets to invest INR 3 to 10 crores per round.

TANSEED addresses to the financial needs of Startups in their initial phases. Following an evaluation of received applications, Startups are selected after the initial evaluation and undergo boot camps, training sessions, and mock pitching sessions. The final stage involves these selected Startups making a pitch to an esteemed panel. The finalists from this final pitch are awarded grant of INR 10 lakhs each. As of August 2022, TANSEED has successfully conducted four editions.



Figure H: TANSEED Page on Startup TN Portal

## Way Forward

- The State may develop an online mechanism for the disbursement of funds which captures the details of all transactions of the Fund.



- The State may offer the option of startups applying for the fund from the portal.
- The State may organise more events, programs and conferences to connect startups with investors.
- The State may partner with industry associations and business chambers to create sector-specific funds that align with the state's economic strengths.

# 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.

The State has assisted trainings in important areas like business, finance, monitoring, marketing, and networking for incubation managers and Government officials. The State has conducted **5+** sensitisation workshops for officials of State Government departments on Startup ecosystem of India. More than **240+** official from **50+** State Government departments attended the same.

The State has also conducted more than **12** programs to sensitise potential investors. These events saw a participation of **280+** potential investors.

## State Performance

**5+**

sensitisation workshops  
for Government officials

**250+**

Government officials  
sensitised on Startup  
landscape

| 10+

sensitisation for Potential Investors

| 50+

State-supported incubators trained

Tamil Nadu has conducted more than five workshops during the evaluation period to sensitise State Government officials and departments on the startup ecosystem of India. One such workshop is briefed below:

Startup TN organised a workshop to sensitise Government officials in Erode district and saw a total of 25+ officials from 10+ departments participate in the interactive program. It covered details about the schemes and initiatives of the Tamil Nadu Startup and Innovation Mission, as well as Startup India. The officials were briefed on how Startups are supported in the ecosystem. This included aspects such as funding, mentoring, incubation, regional hubs, DPIIT support, market access, women initiatives, and the best-performing State policies and their support mechanisms.

A total of 50+ State-supported incubators have been trained through capacity development workshop. One such workshop is briefed below:

Startup TN organised a program called 'Certified Incubation Management Training' titled 'Scaleup Incubator' for CEOs and Managers of Incubators. **60+** representatives from different incubation centres in Tamil Nadu participated in this training. The program was conducted in two phases and covered important topics such as Startup valuation, deal structuring, investment compliance management, and the use of Management Information System (MIS) tools for monitoring Startup funds.



Figure I: Workshop in Chennai on December 9-10, 2022



Figure J: Workshop in Coimbatore on December 16-17, 2022

The Government also organised 10+ programs to sensitise close to **300** potential investors about the benefits of investing in Startups, with the goal of getting more people to invest in early-stage businesses.

## Way Forward

- The State Government may hold quarterly sensitisation workshops for various Government departments and officials to encourage them to interact with startups to understand their concerns.
- The State may train State-supported incubators through capacity development workshops by collaborating with incubators from other States to explore mutual learning opportunities.
- The State may increase the coverage of the potential investor sensitisation program across all the districts of the state.

# 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.





# Annexure

## List of Figures

Figure A: QR code of Startup Tamil Nadu Portal

Figure B: Homepage of Startup TN Portal

Figure C: Event Pictures from workshop on Tech Business for School-Level Startups

Figure D- Event picture from workshop on Design Thinking and Entrepreneurship

Figure E: Logo of Startup TN Brand Labs

Figure F: Logo of Startup TN Launchpad

Figure G: Logo and Address of FORGE

Figure H: TANSEED Page on Startup TN Portal

Figure I: Workshop in Chennai on December 9-10, 2022

Figure J: Workshop in Coimbatore on December 16-17, 2022



# Abbreviations

Gross Domestic Product (GDP)

Tamil Nadu Startup and Innovation Mission (TANSIM)

Unemployed Youth Employment Generation Program (UYEGP)

Quality Certification (Q-CERT)

Tamil Nadu Startup Seed Fund (TANSEED)

Entrepreneurship Development and Innovation Institute (EDII)

Persons with disabilities (PwD)

Higher Educational Institutes (HEIs)

Earnest Money Deposit (EMD)

Entrepreneurship Development and Innovation Institute (EDII)-TN

Software Technology Park of India (STPI)

The Tamil Nadu Emerging Sector Fund (TNESSF)

Management Information System (MIS)









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