



सत्यमेव जयते

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

#startupindia

❖ STATES' STARTUP RANKING 2022 ❖
TOP PERFORMER



TELANGANA



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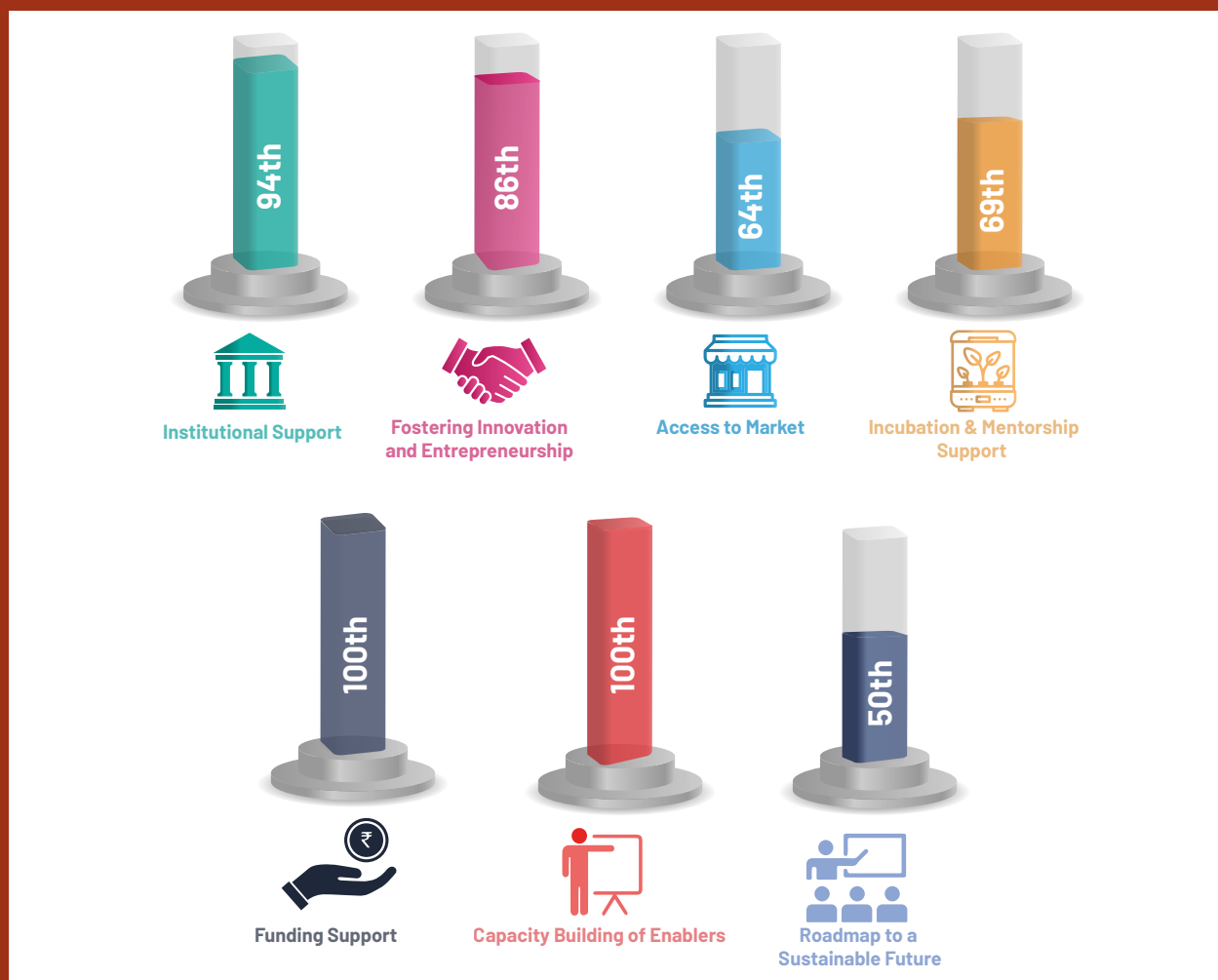
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States' Startup Ranking 2022 Results

Telangana participated in 25 Action Points of the Ranking Framework 2022. Telangana 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 Telangana 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.

Telangana 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

Located in Southern India, Telangana is the 11th largest State of India. It is characterised by its strategic geographical location, diverse business demographics, and its well-connected transportation infrastructure, that make it a key transit hub for goods and services, facilitating Interstate trade and commerce. During the FY 2022-2023, Telangana has contributed to approximately 4.5% of India's gross domestic product (GDP).¹

The State's business demographics are marked by a burgeoning information technology and software services sector. This thriving tech industry and a supportive ecosystem for Startups and innovation have attracted major multinational corporations in the past few years and is contributing to the State's economic growth.

Furthermore, Telangana's economy also thrives on agriculture, with rice, cotton, and maize being significant crops, and in the manufacturing sector, encompassing industries like pharmaceuticals, textiles, and aerospace. The State's diverse demographics and pro-business policies make it a compelling destination for both established enterprises and entrepreneurial ventures, contributing to its economic vitality and growth.

The nodal body for Startups in the State is the Department of Information Technology, Electronics and Communications, Government of Telangana. As one of the leading incubators in the State, T-Hub (Telangana-Hub) plays a pivotal role in fostering innovation and entrepreneurship in the State. It provides a comprehensive ecosystem for Startups, offering mentorship, access to funding, co-working spaces, and networking opportunities. Key initiatives also include the 'T-Seed Fund,' which provides early-stage funding, and 'T-Angel,' a network of angel investors. T-Hub also collaborates with academic institutions and industry leaders to promote research and development. Additionally, the 'WE Hub' exclusively supports women entrepreneurs, further enhancing diversity. These initiatives collectively fuel Telangana's vibrant and dynamic Startup ecosystem, propelling the State's reputation as a premier destination for emerging businesses.

State Startup Policies and Incentives

The Telangana Innovation Policy 2016 is the key driving factor for fostering the growth of the Startup ecosystem and culture in the State. The policy encompasses a roadmap for the ecosystem based on five pillars. These set goals for the creation of key infrastructure with set milestones and strategies for development and providing fiscal support to Startups.

Telangana's Startup policy offers a range of incentives to support Startups throughout their lifecycle. The following are some key incentives provided at different stages of the Startup cycle:

¹Based on RBI Statistics

1. Inception Stage:

- a. Seed Funding: Financial support is offered through initiatives like the 'T-Seed Fund' and 'T-IDEA' to help Startups secure seed capital and early-stage investments
- b. Incubator Support: Expansion of current incubators and setting up new incubators in tier II locations and T-Hub Catalyst, which is a network of world class incubators across the State. The policy offers key fiscal incentives to incubators as well as Startups for subsidised incubation
- c. Non-fiscal incentives: Startups and incubators in the State are permitted to file self-certifications under various State policies and thus, are barred from inspections

2. Growth Stage:

- a. Subsidised Workspaces: Affordable co-working spaces for operational convenience
- b. Market Access: Assistance in connecting with potential customers and markets
- c. Mentorship Programs: Access to experienced mentors for strategic guidance

3. Expansion Stage:

- a. Funding Support: Facilitation of venture capital and angel investments
- b. R&D Incentives: Support for research and development activities

4. Maturity Stage:

- a. International Expansion: Assistance for global market entry and export promotion
- b. Policy Advocacy: Setup of Startup facilitation portal and hotline to discuss and build on topics of relevance, such as investor and trade organisations, regulatory environment, policies, programs, events and service providers

Highlights of State Startup Ecosystem

The following is a glimpse of the State Startup ecosystem as recorded in the SRF 2022:

1800+

Startups Registered

300+

Women-led Startups getting special incentives

80+

incubators functioning in the State

375+

Startups got market access opportunities



550+

Startups received incubation support

60+

mentors registered in the State

110+

Government officials sensitised

INR 5 Cr+

disbursed to 100+ Startups

80+

Startups working on sectors focussed on renewable energy, sustainability, and climate change supported

30+

Startups working on Rural Impact supported

Seven active State policies to support the State Startup ecosystem

Key Initiatives Driving Growth

The Telangana State Government has introduced several key policy initiatives to boost its Startup ecosystem, making it one of India's premier Startup hubs. Some of the notable policy initiatives include:

- **Innovation Policy:** Telangana's comprehensive Startup policy is named the Telangana Innovation Policy 2016 and is based on five important pillars. These pillars define Government clarity and vision on Startup policy.
- **Incubators setup on Public Private Partnership (PPP) model:** The Government of Telangana has set up a world class incubator centre, the T-Hub, while partnering with

three of India's premier academic institutes (IIIT-H, ISB & NALSAR). T-Hub supports technology-related Startups across multiple sectors. A few other incubators set up by the Government include We-Hub, Ag-hub, and the Jawaharlal Nehru Technological University Hub (J-Hub).

- **Ease of doing business in Telangana:** The State Government is trying to reduce the time taken to set up a business by providing a hassle-free system for obtaining construction, electricity, and other permits.
- **Setting up Startup portal:** The State Government has established a Startup portal and a hotline that seamlessly integrates with the national Startup portal. This platform offers comprehensive information about Government initiatives, incentives, a list of mentors, and incubators, among other resources. Additionally, the Startup portal includes an online link for submitting queries and addressing grievances.
- **Funding support:** Understanding the challenges that Startups face in raising funds, the State Government has set up different kind of funds such as Fund-of-Funds, Telangana Innovation Fund (T-Fund), T-Seed, and many more.
- **Women-supportive environment:** A general permission is available for three-shift operations with women working in the night for Startups. The Government has deployed SHE teams, and SHE taxi services for the safety of women.
- **Apprenticeship to students:** The Government has made it mandatory for educational institutions offering undergraduate courses to implement a mandatory scheme of internship or apprenticeship in the last year of the course in association with the industry.
- **Advisory council:** The State Government has set up a Telangana Advisory Council which is headed by Chief Innovation Officer (CIO). This council involve stakeholders from industry, new age Startups, Government, and academia.
- **Focus on rural and social enterprises:** To bring the Startup ecosystem to rural areas, the Government of Telangana has set up a special fund called the "Impact Fund", which is managed by the Rural and Social Enterprises vertical of T-hub.

²Startup Telangana - Official Portal

Institutional Support

Introduction

Institutional Support focuses on the facilitation and execution of the State or 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 or 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 emphasizes institutionalised support provided to the startups from various State or UT Government departments including through government policies that are currently active for support to startups.

Telangana has a model for developing a robust Startup ecosystem and runs with an objective to foster an innovation driven economy. The Telangana State Government has made huge strides in the development of Startup ecosystem in the State with State-of-the-art facilities for incubation and support. The State also has seven active policies to support Startups of Telangana.

State Performance

The State has developed a comprehensive portal including all the information on Startup ecosystems, support provided by State and other necessary operational licenses and approvals.

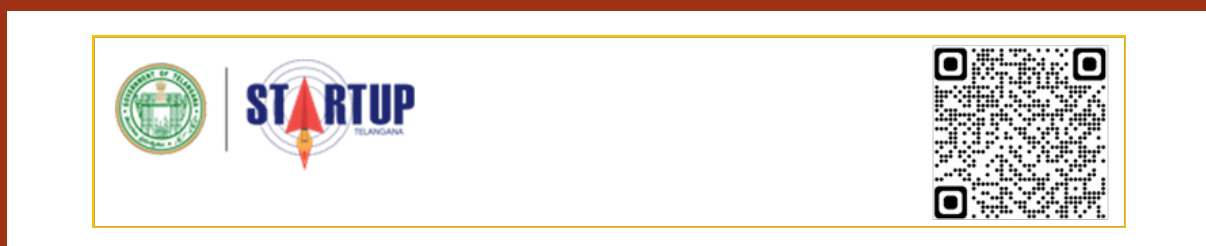


Figure A: QR code of State Startup Portal

³<https://pbindustries.gov.in/Startup/contact;Key=contact>

Startup Telangana, a holistic Startup portal, encompasses information such as:

1. The State Startup Policy and details of all State level approvals and clearances required for registering and operating a Startup in the State
2. Details of the State Nodal Officer, Nodal Department, and dedicated team for Startups
3. Dedicated helpline or call centre for Startups
4. Startup registration, including API integration with Startup India
5. List of State-supported incubators and accelerators, including incubation support
6. Mentorship support
7. Public procurement support
8. Funding support
9. Details of departments providing institutional support to Startups
10. Accessibility of all pages of the website in local or official languages
11. Accessibility of website for Persons with Disabilities (PwD)
12. Section regarding marketing and outreach including events, webinars, and mentorship sessions

Startup Telangana Portal has an active Grievance Redressal Mechanism³. Various stakeholders including Startups, Innovators, Mentors, Incubators and Others can raise these queries in the portal. The State has handled more than 30 queries for the period of consideration of SRF 2022. The average query resolution period of them being 16 days.

Way Forward

- More number of State government departments (excluding nodal department) may be added for providing institutional support to Startups. The number of activities and frequency of institutional support may be increased so as to increase the number of beneficiary Startup.
- State may provide informative virtual tour, walk through or video manuals on home page specific to Startup portal for proper information dissemination.
- State may provide maximum functionality for accessibility to PWD on portal and multiple language support for easy understanding of local people.
- The functionality of Chatbot for Query or Grievance resolution may be included on Grievance portal for quick resolution on basic queries or Grievances, which could further reduce TAT of resolution.
- Specific departments of the State may come up with Startup or incubator related incentives and relaxations to support the Startup ecosystem.

³<https://startup.telangana.gov.in/submit-grievance/>

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, which is a direct result of the State support but also on the regulatory reforms undertaken to support Startups in diverse sectors.

This Reform Area assesses the extent to which 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.

Telangana is home to a large number of registered Startups and over the year. Under the SRF 2022, out of the 1800+ Startups registered in the State, more than 90% are DPIIT-registered across 26 districts of Telangana.

State Performance

90+

events for student entrepreneurs in schools and HEIs

300+

Women-led Startups across 10+ districts

Startup Telangana focusses on entrepreneurial growth from the roots and has conducted workshops for development of entrepreneurial spirit among the youth. With the intention of reaching out to as many colleges as possible, particularly Government colleges, and providing an opportunity to every potential student across the State, the Youth for Social Impact (YFSI) has adopted a hybrid learning model. As per the model, the teachers are on-boarded and oriented about YFSI first and are trained to take the program to the beneficiary students.



Figure B: Event Launch - Youth for Social Impact



Figure C: Women Entrepreneur Sessions in Government Colleges



Figure D: Students attending Entrepreneurship Sessions

Way Forward

- The State may consider analysis of its database of startups to evaluate the startups registered for five years and more.
- The Startups and the students from HEIs could be included in workshops with case studies on the latest rules, regulations, and acts to support the Startups in disruptive sectors and the effect of these rules on the ecosystem. Government departments could also participate in these workshops to facilitate effective dissemination of knowledge.
- State may organise interaction events with successful entrepreneurs and industry experts. Students will 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 State Governments 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 organisation of showcase opportunities such as Demo-Days, Buyer-Seller Meets, 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 helping them be at par with the established players in their respective sectors.

The Government of Telangana has introduced three relaxations in the criteria to increase participation of Startups in public procurement. State has ensured 100% relaxations on Prior Experience, Prior Turn Over, and Earnest Money Deposit (EMD) submission to increase participation of Startups in public procurement activities.

State Performance

20+

Startups awarded work orders

40+

Access to market programs

The T-Hub Foundation, the State supported incubator, and the Telangana State Innovation Cell (TSIC), the nodal body for fostering the innovation ecosystem in Telangana, have conducted many programs specifically on providing market access to Startups. The State has conducted showcase days and corporate innovation programs to help Startups get right market access. Under SRF 2022, 20+ Startups across 10+ districts were awarded work orders by the State Government departments under the preferential treatment of relaxations in evaluation criteria.

375+ Startups have been given the opportunity to participate in market access activities by the State. More than 40 programs were conducted by State for it.

Way Forward

- In addition to events organised by the State for creating market access for the Startups, the State Government may organise additional events or programs with a focus on international markets and opportunities.
- The State may provide the relaxations in a separate circular enlisting the relaxations for the category of Startups who can receive it.
- The State may also specifically specify the percentage of each relaxation they are providing in the State.

Incubation and Mentorship Support

Introduction

Incubation and Mentorship support is provided to States in the form of financial and infrastructural support to Startups and State-supported incubators. The State Governments are initiating setting up of new incubators or upgrading existing incubator facilities through various fiscal and non-fiscal incentives along with conduction of acceleration programs across the State/ UT. This Reform Area also aims at ensuring proportionate utilisation 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. The Reform Area measures efforts by the State Government in facilitating mentorship to startups. This has been assessed by the number of startups benefitting from the States' network of mentors.

The Telangana State government understands that the State-supported incubators play a crucial role in the development of the Startups across the State as they get incubation support in varied forms. This support helps them understand and better direct their businesses ecosystem.

State Performance

80+

State-supported incubators

550+

Startups incubated under SRF 2022

100+

Startups connected with 60+ State-registered mentors

65+

Startups enrolled in Acceleration programs

Telangana has one of the largest networks of incubator facilities across 33 districts. Under SRF 2022, 20+ incubators were upgraded with funding support for the installation of better infrastructure facilities. The State portal provides a list of State Supported Incubators⁴, List of Other Incubators & Accelerators⁵.

To provide a further push to Startups, the State Government also organises acceleration programs. Under the SRF 2022, 65+ Startups were provided acceleration support under more than five acceleration programs. These programs were:

- Aspire Accelerator
- Market Fit and Expansion (CAIE Accelerator Program)
- Discover Cohort
- Innocity Accelerator MP
- NEN Cohort with Wadhvani Foundation

⁴<https://startup.telangana.gov.in/incubators/>

⁵<https://startup.telangana.gov.in/other-incubators/>

Way Forward

- The State may leverage the virtual format for holding seminars and discussions to extend the reach of its programs. In this way, the State may take advantage of this opportunity to connect with stakeholders outside the State as well as outside the country.
- 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 develop key performance indicators for incubators enabling them to make better decisions and gives them direction. Capacity utilisation is an important metric for assessing the performance of incubators.

Funding Support

Introduction

All Startups require timely availability of funding for their growth. This Reform Area encourages various State 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 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 of Telangana understands the crucial role of funds for Startups of different lifecycle. The has established different funding options which can be availed by such Startups.

State Performance

INR 1 Cr+

Funds disbursed from
T-Fund

INR 5 Cr+

Startups received funding
support via State-
supported funds

| 100+

Startups received funding support via State-supported funds

The Government of Telangana established the T-Fund to supplement financial assistance to Startups to foster the formation and development of innovative technology-based business enterprises that will stimulate the economy, create employment, and create wealth in the region. The T-Fund's objective is to support the Startup ecosystem of Telangana by investing in promising early-stage Startups.

Under the T-Fund and T-SIRI initiatives of the State Government to provide financial assistance to Startups across the rural and urban areas, a corpus of funds has been set up to provide seed funding and idea stage funding to Startups.

To connect Startups to investors, Startup Telangana has organised more than nine showcases and product or idea pitching opportunities to Startups, such as the following:

1. T-Angel C3: Provides financial assistance to Startups for proof of concept, prototype development, product trials, market entry, and commercialisation. It envisions creating a strong ecosystem of mid to late-stage investment-ready enterprises in the tech space.
2. T-Angel C4: The programme offers a mix of investment learning, mentorship and evaluation for 100 days to help Startups connect with investors, other Startups, advisors, partners and the T-Hub ecosystem.
3. Funding Desk Program: Provides Startups with the capital that they need to grow and develop their businesses, attracts high-potential Startups, and supports the growth of Startups beyond just the workspace and mentoring.

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 present the details of the Funds on the State Startup portal with the eligibility conditions along the option of Startups applying for the Fund.
- The funding given by State Government may be of multiple areas. These may include Government grants, monthly allowance, interest subsidy and others. Information can be publicised to Startups for the grants provided.
- State may organise a greater number of events, conferences dedicated to Funding with discussions on Funding opportunities and its processes.

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 a dedicated webpage for Capacity Building for Enablers⁶.

State Performance



Figure E: Webpage for Capacity Building for Enablers

⁶<https://startup.telangana.gov.in/capacity-building-for-enablers/>

110+

State Government officials sensitised

370+

Potential investors sensitised

20+

Incubators provided capacity building support

Capacity building with up-to-date knowledge and market shifts is necessary for business to adapt and sustain. Thus, it is necessary for incubators, mentors, investors and Government departments to transform their knowledge bases in order to assist Startups in their growth journey. To augment this knowledge upgradation, Startup Telangana has organised 20+ workshops for capacity building of incubators, potential investors, and State Government departments.



Figure F: Capacity Building Workshop for State Government Departments



Figure G: Telangana State Innovation Council(TSIC)- Government Interaction Workshop

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.

Roadmap to a Sustainable Future

Introduction

Roadmap to a Sustainable Future seeks 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.

The State understands the role of Startups focused on sectors like renewable energy, sustainability, and climate change in shaping the future of Telangana. State has thus provided support to Startups working in these areas.

State Performance

Striving towards sustainable development and promoting growth of Startups in rural impact, sustainability, climate change and renewable energy, the State Government has launched two policy initiatives. These policies provide regulatory and fiscal assistance to Startups in the sector in idea promotion and scaling up.

The Telangana Government has introduced Telangana EV Policy and Telangana E-Waste Policy to support Startups working in Circular Economy. These policies will help in envisioning a sustainable future by adopting of sustainable and clean mobility solutions.

The policies developed in the domain of promoting electric vehicle use and e-waste recycle or upcycling, provide incentives to Startups in upskilling and technology import. Thus, this provides a push to new venture initiatives in these sectors.

35+

Startups with rural impact supported

80+

Startups operating in sustainability related sectors supported

The State has actively provided support to 35+ Startups working for rural impact. Startups with rural impact is defined by the State as Startups working on innovative solutions generated by people at grassroots levels through their creatively deployed indigenous skills and local knowledge for solving localised problems which are not available or not affordable. The State has provided assistance by hosting capacity development workshops, providing mentorship, market access & funding facilitation. The State has provided support to rural startups through CSR grants and TSIRI grants.

The State has supported more than 80 startups working in the areas of sustainability, renewable energy and climate change. Such Startups are working towards innovations in Zero Waste Management, e Waste, and other similar areas.

Way Forward

- The State may conduct brainstorming workshops with mentors and Startups, especially grassroots Startups, to come up with innovative ideas. The workshops could be broadcasted or live streamed on a video streaming platform to achieve increased participation. The results may lead to a greater number of grassroots Startups in the State.
- The State may establish a dedicated fund to provide financial support and grants for rural Startups in these sectors and encourage public-private partnerships to boost the fund.
- The State may set up incubation centres in rural areas to nurture and support Startups. These centres can provide infrastructure, mentorship, and networking opportunities.
- State may undertake sensitisation workshops with Startups, Incubators and other stakeholders in the field of sustainability, renewable energy, climate change and circular economy.

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Figure F: Capacity Building Workshop for State Government Departments

Figure G: Telangana State Innovation Council (TSIC) - Government Interaction Workshop

Abbreviations

Gross Domestic Product (GDP)

Telangana-Hub (T-Hub)

Public Private Partnership (PPP)

Jawaharlal Nehru Technological University Hub (J-Hub)

Telangana Innovation Fund (T-Fund)

Chief Innovation Officer (CIO)

Persons with Disabilities (PwD)

Higher Educational Institutes (HEIs)

Earnest Money Deposit (EMD)

Telangana State Innovation Cell (TSIC)

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CONTACT US

www.startupindia.gov.in

1800 115 565

