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

#startupindia

STATES' STARTUP RANKING 2021
Arunachal Pradesh

Leader

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States' Startup Ranking 2021 Results

The State has participated in 13 out of the 26 Action Points of the Startup Ranking Framework 2020. The status of Arunachal Pradesh's performance in each of the Reform Area has been graphically represented below. Data presented 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 Arunachal Pradesh has a score of 58th percentile in the 'Institutional Support' Reform Area, this implies that the State has scored higher than 58% of the participating States/UTs in that Reform Area.

Institutional Support — 58th

Fostering Innovation and Entrepreneurship* — 90th

Access to Market — 0

Incubation Support — 8th

Funding Support — 100th

Mentorship Support — 0

Capacity Building for Enablers** — 33rd

Arunachal Pradesh has been evaluated on seven Reform Areas that have a significant contribution towards propelling the startup ecosystem in the State. The State has shown great performance in the Reform Areas of 'Institutional Support', 'Fostering Innovation and Entrepreneurship', and 'Funding Support'. Detailed analysis with insights into the initiatives taken by the State to promote its startup ecosystem is discussed in subsequent sections.

*The evaluation has been done on submissions made by States/UTs and data available with Startup India, DPIIT

**The evaluation has been done on submissions made by States/UTs and participation of State/UTs in Knowledge Exchange Workshop 2021
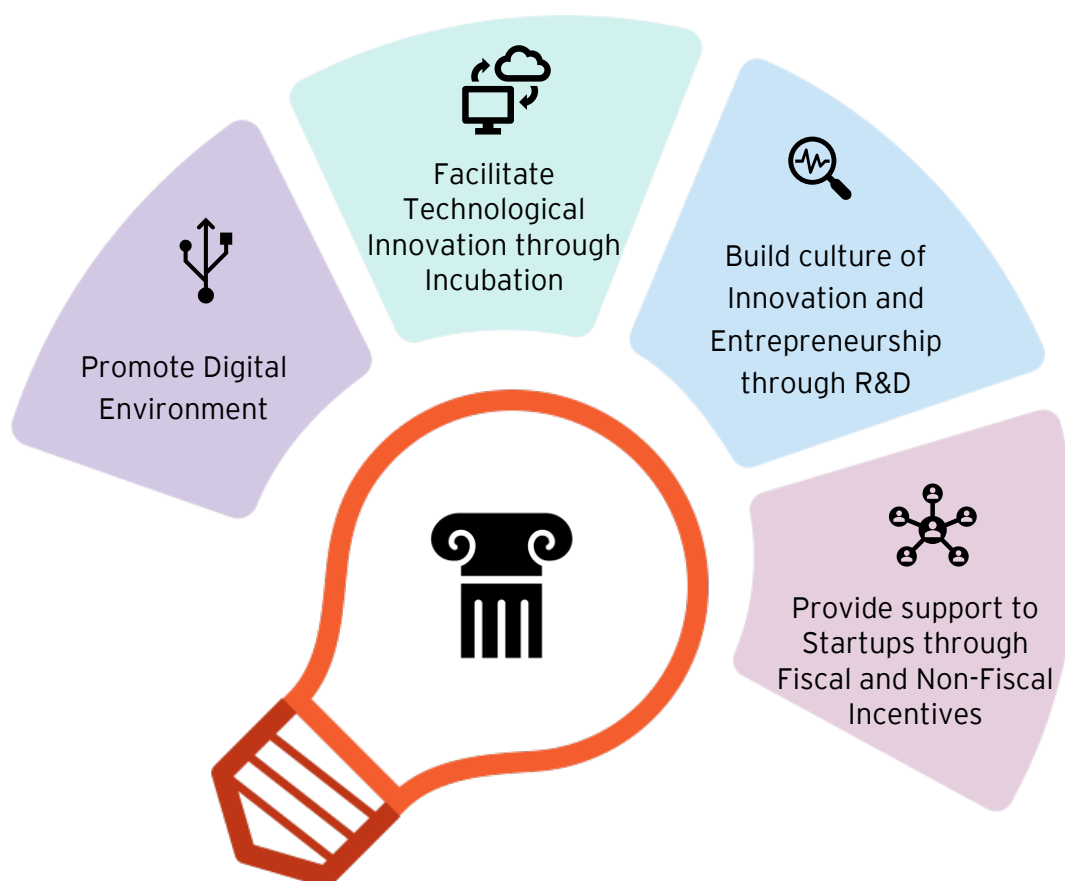
Arunachal Pradesh Startup Ecosystem

1.1 Introduction

Arunachal Pradesh is a State in the Northeast Region of the Republic of India with a population of 13.8 lakh people and a literacy rate of over 65%. It is uniquely located as it shares its domestic borders with the States of Assam and Nagaland, and its international borders with Bhutan, China, and Myanmar. Arunachal Pradesh also has the lowest population density in the country with a very young population. This favourable demographic dividend offers a great opportunity for growth for the State.
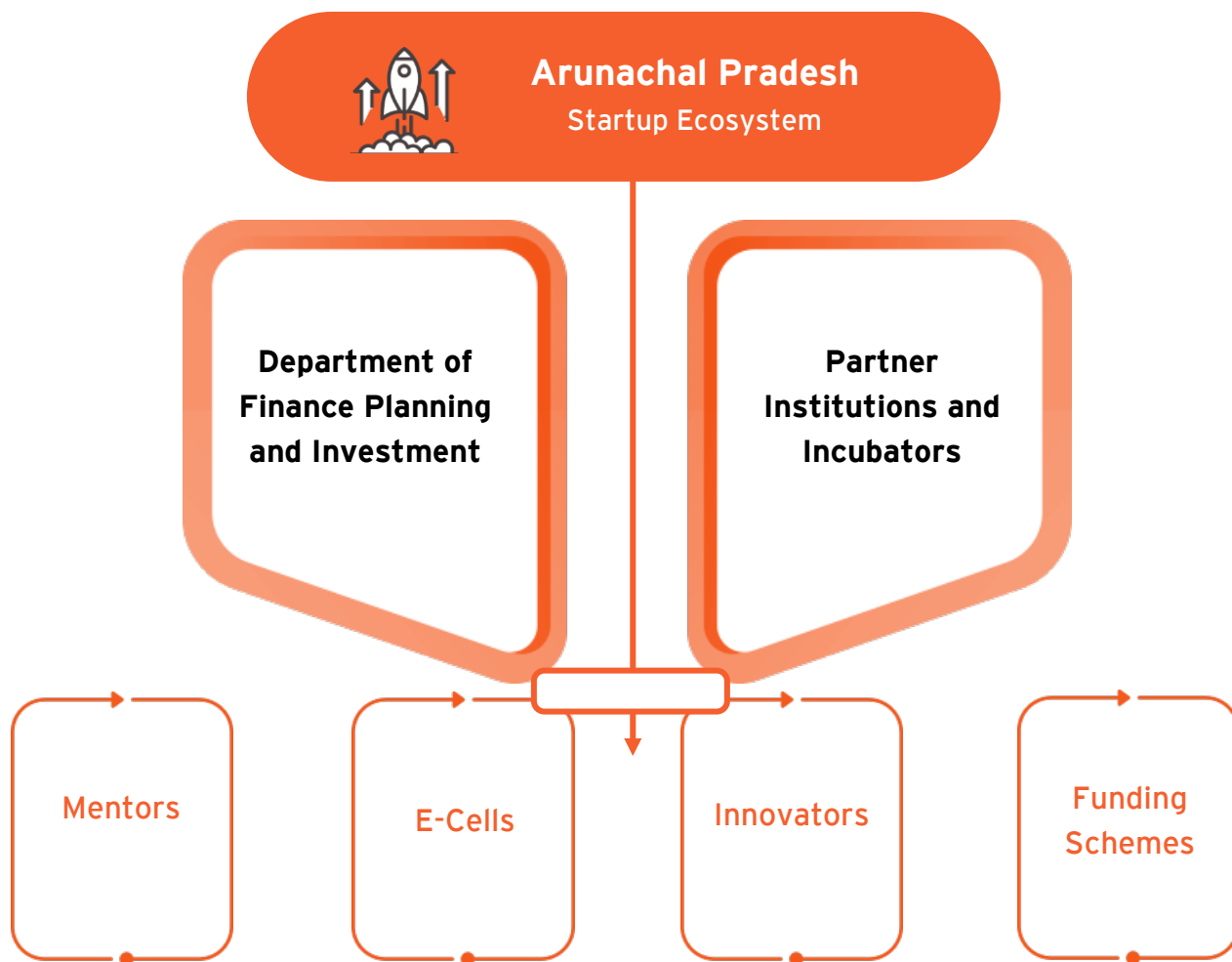
In the last decade, the State has seen increased activity in sectors such as Information Technology, education, tourism, hospitality, and agriculture. There is also a growing recognition of the importance of innovation and enterprise in solving the problems and the needs of the people. Today, Arunachal Pradesh's youth is keen to explore its entrepreneurial capability and design environmentally and socially grounded business models to address the key challenges faced by the State (refer to Figure A for pillars of Arunachal Startup Policy 2021).

Figure A: Pillars of Arunachal Pradesh Startup Policy 2021

The nodal department for the startups in Arunachal Pradesh is the Department of Finance Planning and Investment (refer to Figure C for the key stakeholders of the Arunachal Pradesh Startup Ecosystem).
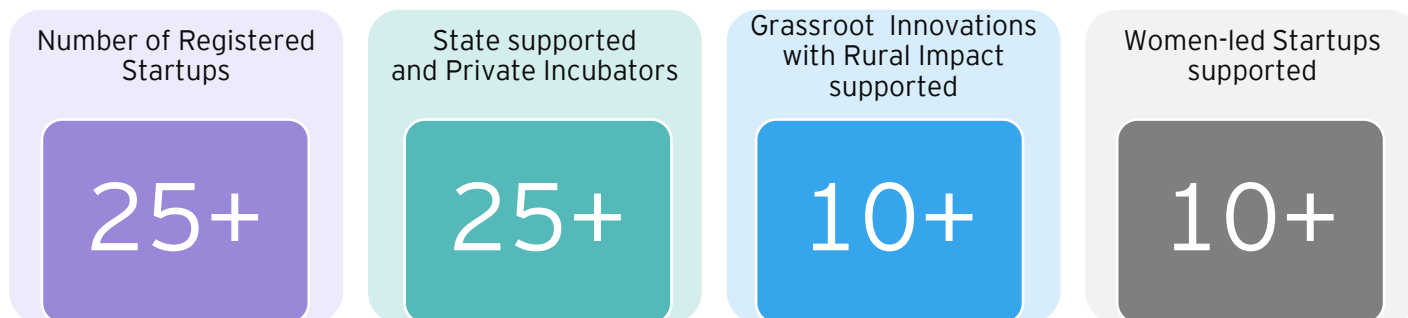
Figure B: Flowchart of Arunachal Pradesh Startup Ecosystem

1.2 Highlights of Arunachal Pradesh Startup Ecosystem

The Government of Arunachal Pradesh has undertaken several enabling initiatives to boost registered startups like Entrepreneurship Cells at Higher Educational Institutes (refer to Figure D for the impact of initiatives undertaken by the Government of Arunachal Pradesh).

Figure C: Highlights of Arunachal Pradesh Startup Ecosystem

Number of Registered Startups	State supported and Private Incubators	Grassroot Innovations with Rural Impact supported	Women-led Startups supported
25+	25+	10+	10+

Entrepreneurship Cells (e-Cells)

State Government has set up Entrepreneurship Cells in selected HEIs by providing advisory assistance and capacity building support.

These Cells work towards creating awareness on entrepreneurship as a career option among students and conduct programs to assist aspiring student entrepreneurs in shaping their business ideas

Deferred Placement for Student Entrepreneurs

The State Government has offered student entrepreneurs option of availing the **Gap Year option** for working on their startups where they will be allowed to sit for University or College placements after one year of completing their term

ARUNACHAL PRADESH

Recruitment Incentive for Women & Differently Abled

One-time Recruitment Incentive of up to **INR 40,000** to be provided to the eligible startups who employ women and differently abled employees who are domicile to the State.

Reimbursement of up to 40% of the cost towards the salary of such employment over a period of one year to be given. The aim is to provide support to a total **150 startups** over the policy period

Arunachal Pradesh Seed Fund Scheme

Arunachal Pradesh Seed Fund, a grant-in-aid-based seed fund with an initial corpus of **INR 10 crore** and a total corpus of **INR 50 crore** over a period of five years is proposed to be established to support over 250 entrepreneurs in the State within the policy period

Innovation Fund

Arunachal Pradesh Government established an **Innovation Fund** to foster the innovative ideas brought forward by the budding entrepreneur.

This fund aims to support intermediate stage of startup facilitation and cater to funding areas such as research, proof of concept, etc
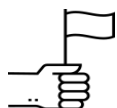
Reform Area Wise Assessment

2.1 Institutional Support

Institutional Support focuses on the execution and facilitation of the State/UT's 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/UT has a functional State portal offering single window solutions for all startup ecosystem stakeholders. A holistic startup portal offer 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 the women-led startups with specially tailored incentives and schemes to ensure equitable implementation. The Reform Area also emphasizes institutionalized support provided to the startups from various State/UT Government departments.

2.1.1 Key Initiatives

The Arunachal Pradesh Startup Portal (http://apstartup.in/) provides important and relevant information for startups to learn more about policies, incentives, and more (refer to Figure E).

The portal offers information on the following aspects:

1. State Startup Policy
2. Nodal Officer and Nodal Department for startups (refer to Figure F)
3. Steps to register as a startup
4. Mentorship and incubation support
5. Funding and incentives

Figure D: QR Code for Startup portal of Arunachal Pradesh
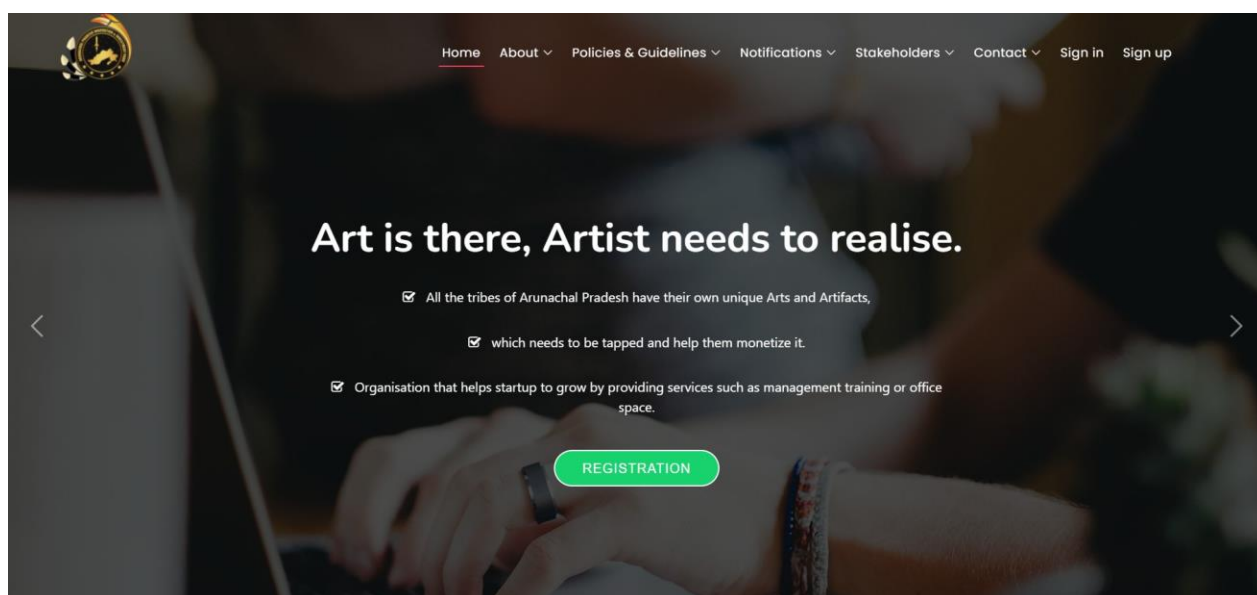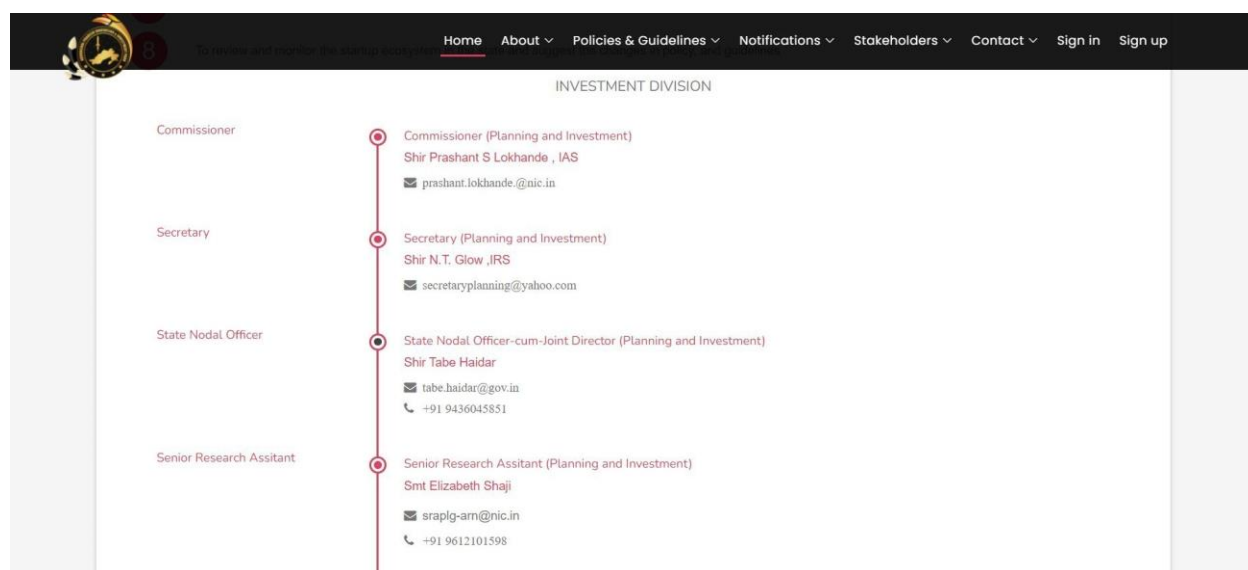
Figure E: Arunachal Pradesh State Startup Portal[1]

Figure F: Details on Nodal Department and officers Arunachal Pradesh State Startup Portal[2]

The State Government has given importance to the promotion of women-led startups across the State through initiatives as part of the State startup policy. The State Government has defined a woman-led startup as one with a woman as the Founder, Co-Founder, Chief Operating Officer, or equivalent. Women-led startups can enjoy the following benefit from the State Government:

❖ 33% of the Arunachal Pradesh Seed Fund (a grant-in-aid-based seed fund of the State Government) has been dedicated to women-led startups
❖ Close to 15 women-led startups have benefited as part of this scheme. These startups have received incentives such as (a) up to INR 5 lakhs prize money and (b) Incubation support for 9-12 months

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[1] "Homepage" *Startup Arunachal Pradesh website* http://apstartup.in/ accessed 20 March 2022
[2] "Nodal Department" *Startup Arunachal Pradesh website* http://apstartup.in/nodaldepartment accessed 20 March 2022

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Policy Intervention[3]

❖ Apart from the interventions for startups at the State level, specific State departments may come up with startup-specific incentives and relaxations to support the startup ecosystem.

❖ The State could encourage its departments to come up with startup-specific policies and rules to support the startup ecosystem, especially in the wake of the COVID 19 pandemic. One such incentive could be the reimbursement of expenses of promotional events conducted by Nodal Institutions which are responsible for nurturing and developing startups.

❖ Various State departments could organize recurring events for startups to come up with innovative solutions which may improve efficiency in that specific sector.

Digital Infrastructure[4]

❖ The State Government may translate their startup portal into other local languages spoken in the State. This will expand the reach of the resources.

❖ The State Government may consider making their grievance redressal form more extensive and accessible on the portal to make it easy for startups, incubators, and other stakeholders to raise their queries.

❖ The State Government may set up a dedicated Entrepreneurship Centre for Women as envisaged in its startup policy. This can serve as a hub for women entrepreneurs to access mentoring, incubation, and capacity-building support.

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[3] *Actions that involve policy-related engagement by the State.*
[4] *Actions that involve improvement or enhancement for access to information by the State on the public domain to support startups*

2.2 Fostering Innovation and Entrepreneurship

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/UT, which is a direct result of the State/UT 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.

2.2.1 Key Initiatives

As part of its startup policy, the State Government has introduced a "Digital Upscaling Subsidy" to support startups in disruptive sectors. The key features of this incentive are as follows:

❖ One-time digital up-gradation subsidy provided as reimbursement
❖ To be used for procurement and up-gradation of high-end computers, related peripheral hardware, relevant software, and related items
❖ Subsidy of up to INR 10 lakhs per startup
❖ Preference is given to the adoption of disruptive technologies such as Artificial Intelligence, Machine Learning, Blockchain, and others

The State Government has given due importance to supporting innovations with impact at the rural or grassroots level. According to the State, a registered startup with grassroots or rural impact is defined as one that:

❖ Scores at least 7 out of 10 in "Social Impact" parameter of the Standard Selection Criteria of the State.
❖ Either promote a product that relates to the State's ethnicity such as handicraft or promotes a product or service that is based in a rural area such as organic farming

Startups classified under these criteria get the advantage of having 20% of spots reserved for them in the Arunachal Pradesh Entrepreneurship Challenge (APEC). The APEC is part of the State's entrepreneurship development program and aims to identify, promote, support, and nurture sustainable business ideas and entrepreneurs. Top entrepreneurs in the APEC get awarded up to INR 5 lakhs for their startup as seed funding.

> Close to **15 startups** in the State have benefitted from the incentives for their grassroots and rural impact focus

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Policy Intervention[5]

❖ The State Government may continue its focus on startups in disruptive sectors by conducting events and programs to increase awareness about the latest developments in the domain.

❖ Given the importance of HEIs in fostering a startup culture amongst students, the State Government could facilitate programs in such institutions to promote entrepreneurship and support student entrepreneurs. These programs may take the form of both in-person and virtual events where students learn about the various aspects of entrepreneurship and may ask questions to experts and mentors.

❖ The State may incentivize grassroot startups by reserving a certain percentage of incubation space for them.

Digital Infrastructure

❖ The State may design an effective online mechanism for registering startups either at the State level or through DPIIT to help startups avail the relaxations available at the State and the Central level.
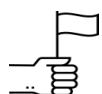

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[5] *Actions that involve policy-related engagement by the State.*

2.3 Access to Market

This Reform Area seeks to encourage the State/UT Government to ease participation in the public procurement process for startups and become an enabler in connecting startups with private stakeholders. The States/UTs 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.

2.3.1 Key Initiatives

The State startup policy outlines relaxations for startups in public procurement to ease regulatory compliance for startups bidding for Government projects. All State-registered startups are exempt from the criteria of Prior Experience, Prior Turnover, and submission of Earnest Money Deposit (EMD) and Bid Security.

2.3.2 Way Forward

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Capacity Building[6]

❖ For connecting startups with relevant Government departments, the Government may conduct various programs across the State. The different kinds of programs can be GeM workshops, Demo Days, Grand Challenges, Hackathons, Innovation Zones, Buyer-Seller meets, and corporate innovation programs.

❖ The startups can be given a product showcase opportunity where the startup can demonstrate their products to national and international buyers. They will provide a platform for startups to connect with various buyers and eventually the number of work orders awarded to startups is likely to increase.

❖ The State could leverage the now widely accepted virtual format for holding seminars and discussions to extend the reach of its programs. In this way, the State could take advantage of this opportunity to connect with stakeholders outside the State as well as outside the country.

Policy Intervention

❖ The State may introduce policy measures providing relaxation to startups to encourage startups to participate in public procurement. It can explore the possibility of introducing relaxations in connection with procurements from startups registered in the State wherein a certain percentage of the total procurement by the State Government Departments is reserved for such startups.

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[6] *Actions that involve support extended by the State to conduct programs and workshops for ecosystem stakeholders.*

2.4 Incubation Support

Incubation support is provided in the form of financial and infrastructural support to startups and State-supported incubators. The State/UT 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/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.

2.4.1 Key Initiatives

The State has signed a Memorandum of Understanding (MoU) with IIM Calcutta Innovation Park to provide the startups of the State with incubation and pre-incubation support. The State has provided financial support to the incubator as well.

> More than **30 startups** have received incubation support from the State

2.4.2 Way Forward

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Handholding Support [7]

❖ Considering the demographic dividend of the State, more incubators can be set up in the State to guide young entrepreneurs. The State may explore the possibility of virtual incubation.

❖ 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 for 5 years on a continuous basis with power tariff subsidy.

❖ The State can also develop its portal in a way such that startups can connect with incubators through a dedicated incubator dashboard.

❖ Framing key performing indicators for incubators enables them to make better decisions and gives them direction. Capacity utilization is an important metric for assessing the performance of incubators. The existing incubators can be upgraded to further increase their capacity.

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[7] Actions that include support provided in terms of mentorship and incubation.

Capacity Building

❖ The State may conduct acceleration programs to facilitate the growth of startups. Going forward, the State may work towards increasing the reach of the existing programs to ensure regional diversity.

❖ The State may increase the reach of each workshop as well. 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.

2.5 Funding Support

All startups require timely availability of funding for their growth. This Reform Area encourages various State/UT 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/UT 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.

2.5.1 Key Initiatives

As outlined in the startup policy, the State has set up Arunachal Pradesh Seed Fund Scheme. The scheme consists of three types of funds:

❖ Idea Support Grant: The grant is given to the winners of the Entrepreneurship Challenge Progam
❖ Innovation Fund: The fund includes financial assistance for patents and Research and Development
❖ Infrastructure Fund: The fund includes financial assistance in the form of quality certification subsidy, rental subsidy, subsidy for employing women and differently-abled people, scale-up grant, and digital upscaling subsidy

> **More than 30** registered startups received funding through State-supported funds in Arunachal Pradesh

2.5.2 Way Forward

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Digital Infrastructure
❖ The State may develop an online mechanism for the disbursement of funds ensuring transparency and easing the process of tracking the transactions.

❖ The State Government may maintain an online dashboard by integrating it into the State startup portal containing details of funding sponsored or supported by the Government.
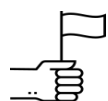
Capacity Building

❖ The State could conduct quarterly events and programs for funding provisions available to startups. These programs can become the platform for connecting with angel investors and High Net-worth Individuals. These programs could guide startups on pitch presentations and the various kinds of fundraising options available.

❖ The State may organize programs for knowledge dissemination about the eligibility and application procedure for receiving funding support through the State.
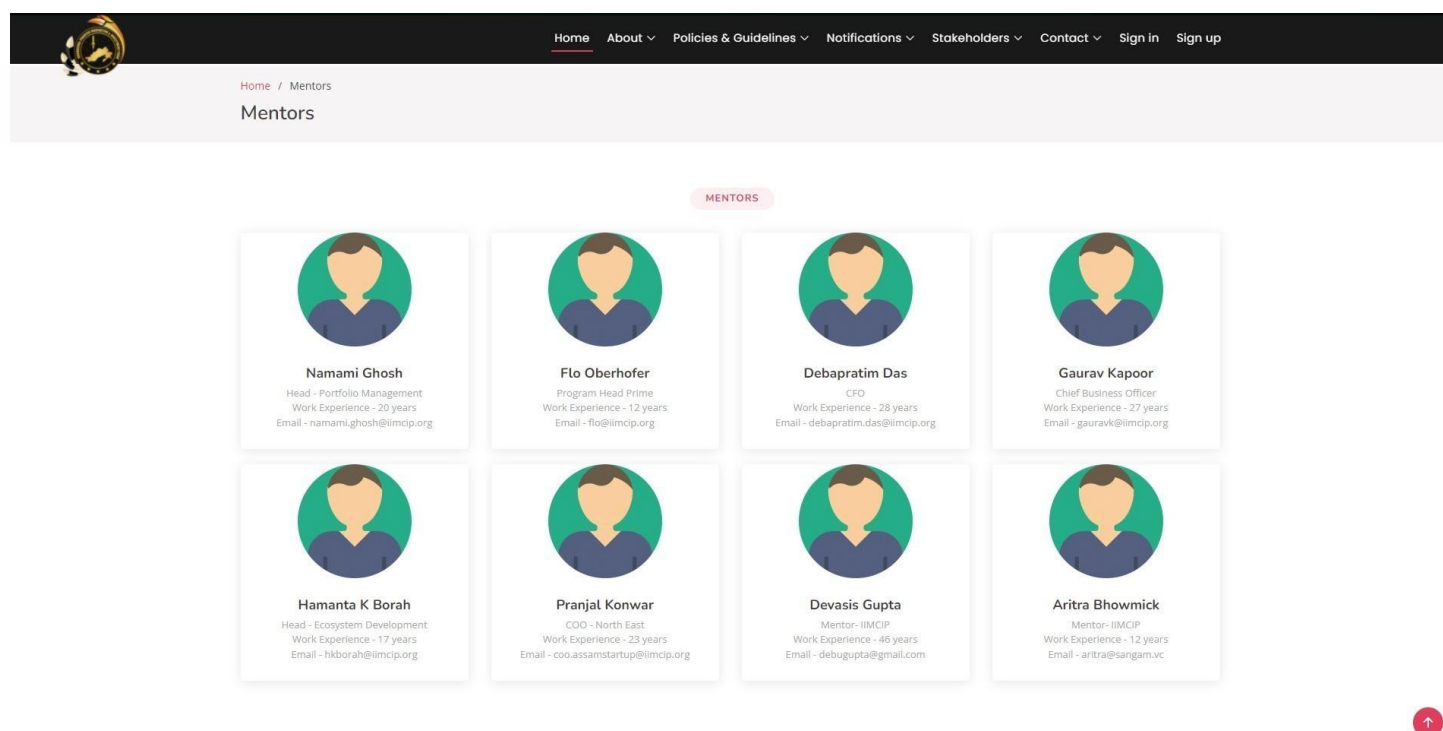
2.6 Mentorship Support

Mentorship support provided by States/UTs is a crucial factor in the growth of startups that do not have the means and network to find such guidance on their own. Mentors can be from business schools providing support in terms of marketing, finances, product, international expansion, fundraising, legal, etc. They can also be founders of established businesses or academic researchers. The Reform Area measures efforts by the State/UT Government is facilitating mentorship to startups. This has been assessed by the number of startups benefitting from the State's/UT's network of mentors and the time spent by the startups with mentors.

2.6.1 Key Initiatives

The mentors guide the startups in developing an action plan. Mentors can guide startups in terms of business planning, product and service development, market penetration strategy, branding and networking, and financial links. The list of mentors is available on the State Startup Portal as well (refer to Figure G).

Figure G: Mentors on the State Startup Portal[8]

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[8] "Mentors" *Startup Arunachal Pradesh website* http://apstartup.in/mentors accessed 20 March 2022
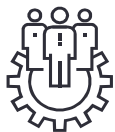
The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Handholding

- ❖ The State may further expand the mentorship network to include experts from the relevant sectors, including industry experts, corporates with experience in the required field, people from the financial sector with funding experience, and successful entrepreneurs.

- ❖ The State may further develop a mechanism where startups can connect with mentors through the State Startup Portal.

- ❖ The State may further look to engage and connect with mentors outside the State, at the national as well as international level. The option for virtual mentorship through video calls could be explored to learn from other national and international experiences.

- ❖ The State may maintain a list of sector-wise registered mentors. This information could be available through the State Startup Portal. A mechanism could be developed where budding entrepreneurs and startups could avail themselves of mentorship support through the startup portal.

2.7 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.

2.7.1 Key Initiatives

Capacity building and training of Government officials, incubators, and potential investors are essential to keep up with the changing needs of startups. Continuous training programs ensure that the key players in the startup ecosystem are up to date with the needs of startups and hence provide services accordingly.

2.7.2 Way Forward

The State may prioritize actions based on the following suggestions to further strengthen its startup ecosystem.

Capacity Building

- ❖ The State may conduct quarterly sensitization workshops for various Government departments on the startup landscape in the State. The workshops could cover topics such as policy and regulatory environment related to the startup ecosystem in India, State's role in encouraging entrepreneurial mindset as well as insights from national and global best practices.

- ❖ The State may train officials of State-supported incubators through capacity development workshops by collaborating with incubators from other States/UTs to explore mutual learning opportunities. This training can be conducted by industry experts to mitigate operational and functional impediments.

- ❖ For capacity development of incubators, the State could cover topics like intellectual property rights, business incubation model, designing programs for startups, setting up virtual incubation services, and incubator management training.

- ❖ The State may conduct monthly virtual programs spread across various districts to sensitize potential investors on investment in startups. These programs can be knowledge sharing sessions, one-on-one interactions to facilitate investor connect, basics of angel investment, and exit opportunities for angel investors.

List of Figures

List of Abbreviations

APEC	Arunachal Pradesh Entrepreneurship Challenge
EMD	Earnest Money Deposit
HEI	Higher Education Institution
QR	Quick Response

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