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

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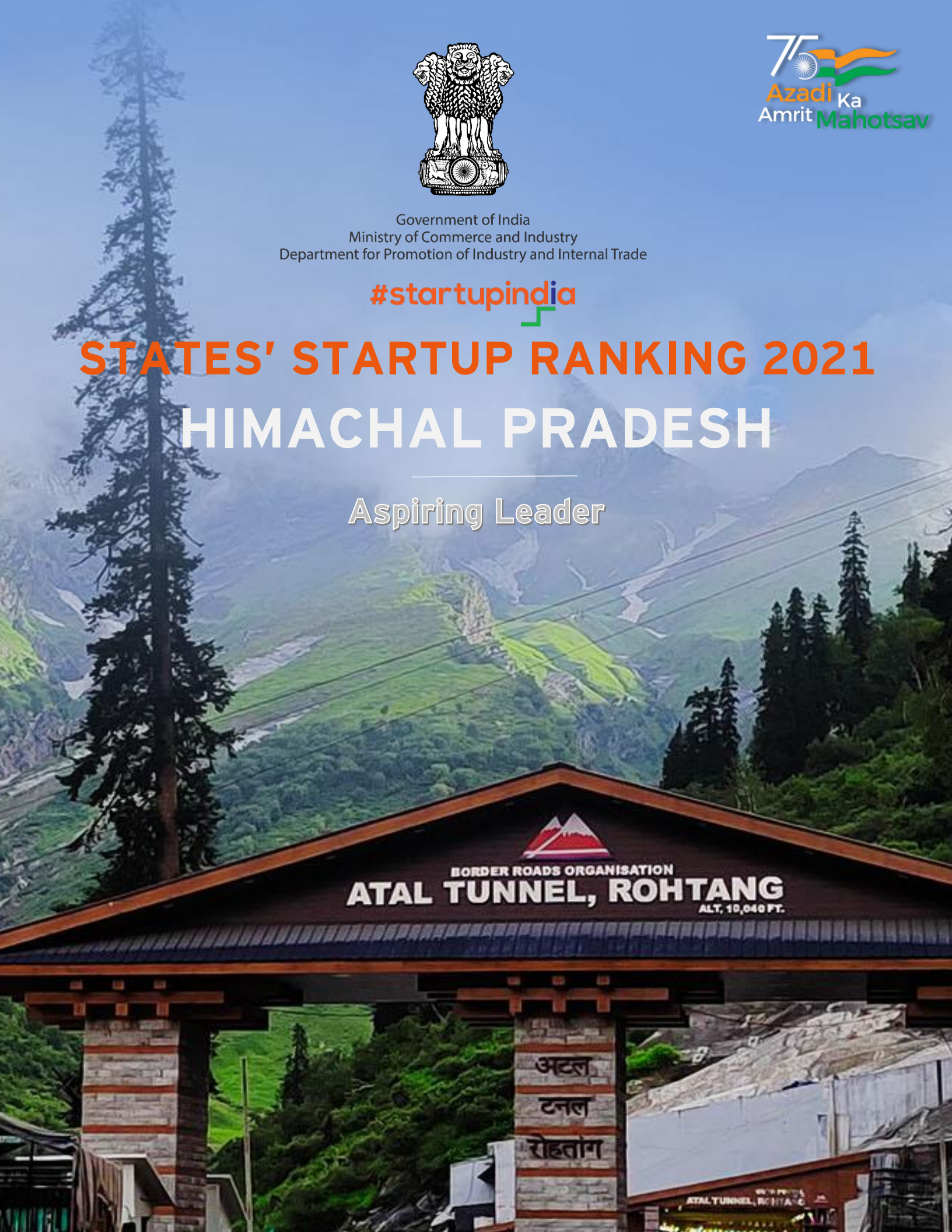
STATES' STARTUP RANKING 2021

HIMACHAL PRADESH

Aspiring Leader



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States' Startup Ranking 2021 Results

Himachal Pradesh has participated in all the 26 Action Points of the Startup Ranking Framework 2020. The status of Himachal 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 Himachal Pradesh has a score of 27th percentile in the 'Institutional Support' Reform Area, this implies that the State has scored higher than 27% of the participating States/UTs in that Reform Area.

Himachal 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 remarkable performance through 'Fostering Innovation and Entrepreneurship' and 'Funding Support'. The range of impact generated through 'Institutional Support' and 'Capacity Building of Enablers' is also commendable. Detailed analysis with insights into the initiatives taken by the State to promote its startup ecosystem are discussed in the subsequent sections.

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

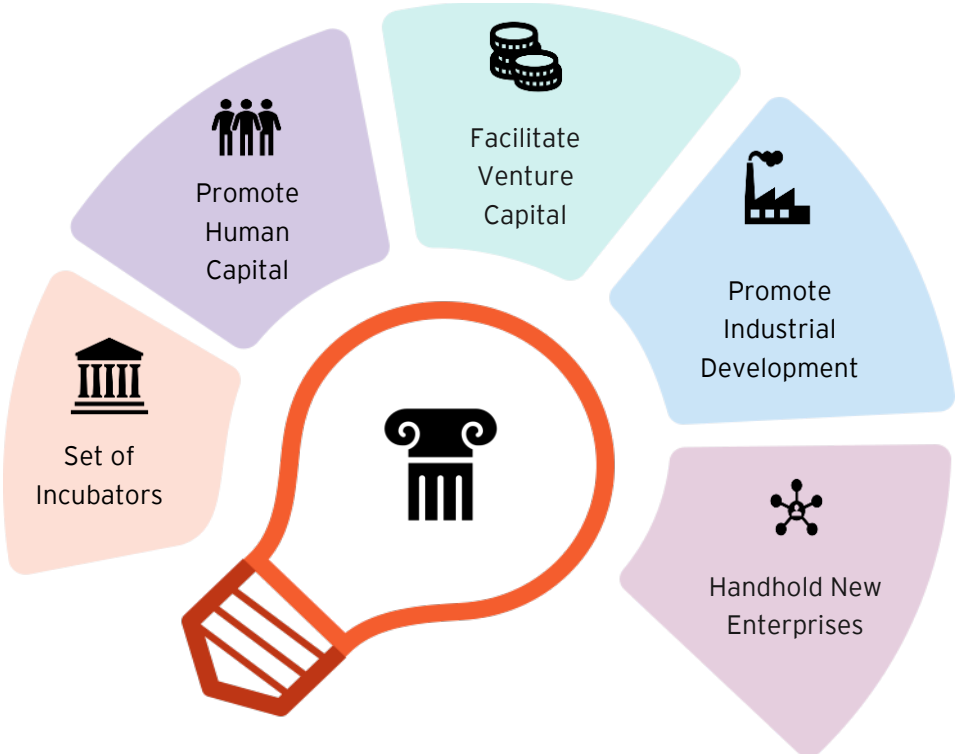
Himachal Pradesh Startup Ecosystem

1.1 Introduction

With a vision to create a robust startup ecosystem, the State of Himachal Pradesh has come up with a comprehensive and inclusive Startup Policy. The vision of the State's Startup Policy launched in 2016 is "to turn educated youth from job seekers to job creators and give support to startups and innovative projects in the State and provide skills to the youth to develop entrepreneurship."[1]
The Startup Policy envisages various incentives for startups to enable the entrepreneur's success in their ventures. The scheme aims at helping and hand-holding entrepreneurs to select viable projects in the potential areas in the manufacturing and service sectors.

The State has identified the "key focus areas" for innovation projects or startups in the Startup Policy of the State. These include sectors ranging from Rural infrastructure, Cleantech, IT, and Agriculture to Tourism and Hospitality. An overarching "key focus area" on "Technology-driven Innovation in any Sector" has been added to highlight the interest of the policymakers in the technological development of the State (refer to Figure A for key pillars of the Startup Policy).

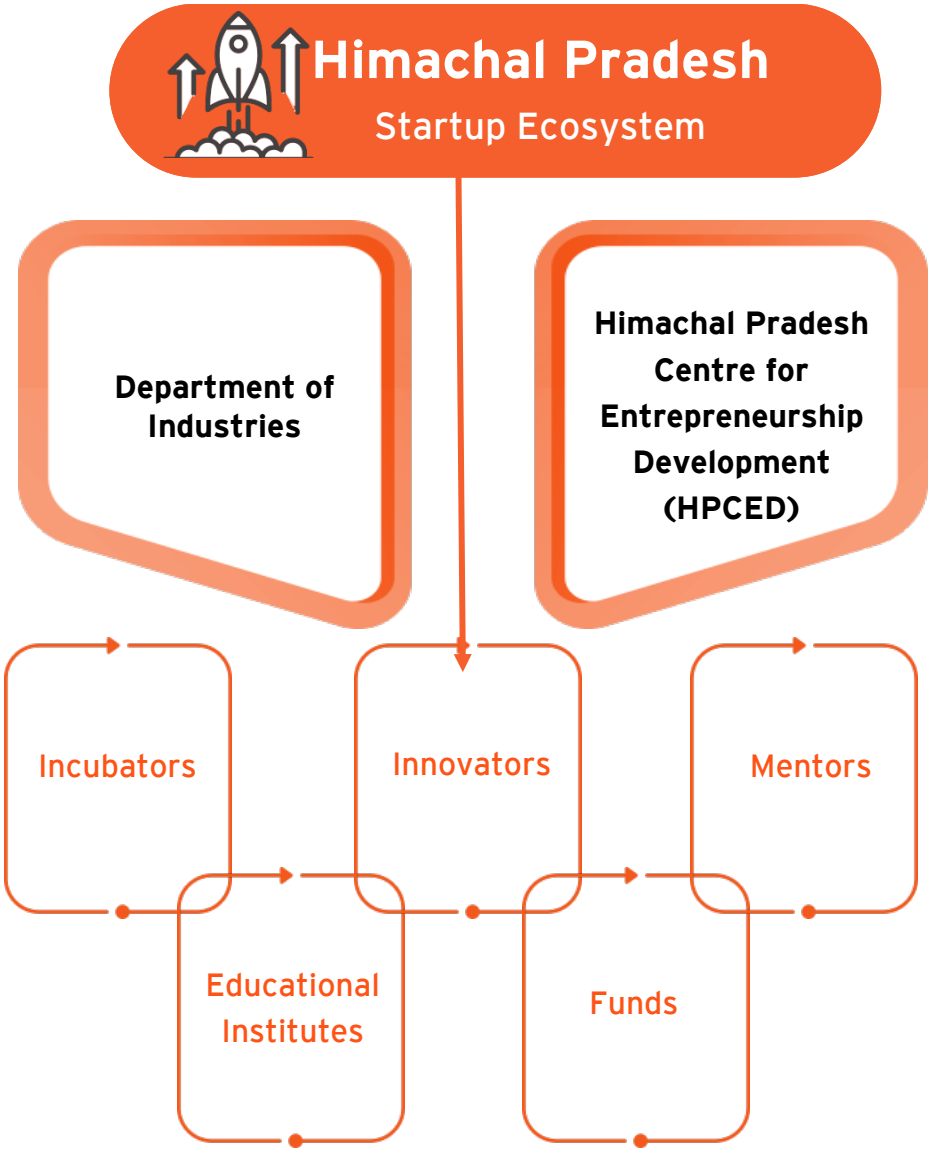
Figure A: Pillars of Himachal Pradesh Startup Policy



[1] "Page 1" *Guidelines for implementation of "Chief Minister's Startup/Innovation Projects/New Industries Scheme*, StartupHimachal

The Department of Industries is the nodal department for the startup ecosystem in Himachal Pradesh and is supported by a strong network of incubators as well as various other stakeholders (refer to Figure B for the flowchart of Himachal Pradesh Startup Ecosystem).

Figure B: Flowchart of Himachal Pradesh Startup Ecosystem



1.2 Highlights of Himachal Pradesh Startup Ecosystem

The Government of Himachal Pradesh has undertaken several initiatives to boost startups in the State. The State has an established network of more than 10 incubators.

More than **10 incubators or centers of** innovation for providing incubation support to the startups

"Submit Solutions to combat COVID 19", available on the State Startup Portal aims at scouting innovative solutions for precautionary and treatment-related interventions

Nearly **INR 3 crores** of sustenance allowance provided to startups

More than **INR 2 Crores** in funds disbursed to incubators

More than **5 programs** conducted for student entreprenuers with participation from more than **350 students**

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 analyzes 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 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/UT Government departments.

2.1.1 Key Initiatives

The State of Himachal Pradesh has supported startups and innovative projects in the State to provide skills to the youth to develop entrepreneurship. Thus, the State has paid special attention to developing all the features required to create a comprehensive Startup Portal catering to all the stakeholders of the startup ecosystem.

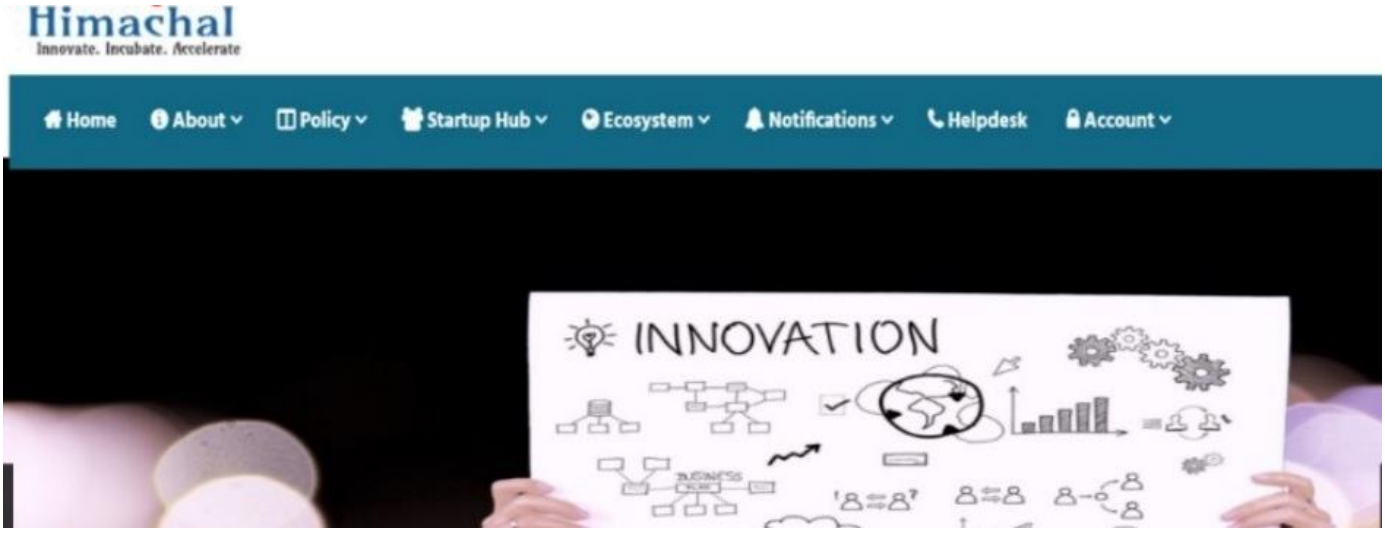
Startup Himachal (https://startuphimachal.hp.gov.in/) is the official website [2] for startup policies and guidelines, special incentives, the nodal agency, entrepreneurship support, mentorship support, funding support, and other information relating to startups (refer to Figure C). The Department of Industries, Government of Himachal Pradesh has been nominated as the nodal department.

"Chief Minister's Startup/Innovation Projects/New Industries Scheme" has been formulated by the State that presents a pragmatic approach to promote entrepreneurship through a culture of innovation across sectors which includes both fiscal and non-fiscal incentives. This policy document is available on the Startup Portal of the State. The policy incentive includes:

- Setup incubators in leading educational institutions in the State
- Sustenance allowance of **INR 25,000** per month for innovative projects
- Marketing and commercialization assistance of maximum of **INR 10 lakh** for innovative projects
- Entitlement to various other incentives under the Incentive Rules 2004

[2] "Homepage" *StartupHimachal website* https://startuphimachal.hp.gov.in/ accessed 15 March 2022

Figure C: Himachal Pradesh Startup Portal[2]



Startup Himachal Pradesh, a comprehensive Startup Portal, includes information such as:

1. State Startup Policy
2. Dedicated Helpline for Startups
3. List of Incubators and Procedures to Connect
4. Startup Registration[3], including API integration with Startup India (refer to Figure D)
5. List of Mentors and Procedures to Connect with Mentors
6. Detailed Support on – Public Procurement, Funding, New/Amended Rules/ Regulations
7. Details of Nodal Officer, Nodal Department and Dedicated team for Startups
8. Details of all State level Approvals and Clearances required for registering and a Startup in the State
9. Grievance Redressal Systemto raise a Grievance onthe Portal[4] (refer to Figure E)

Figure D: Startup Registration on the Startup Portal[3]

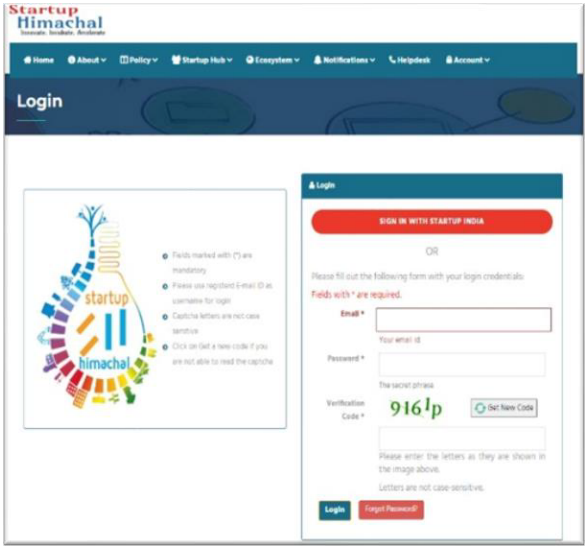
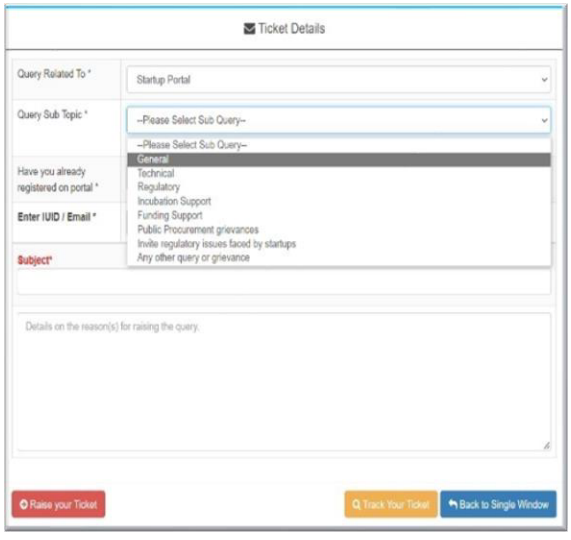


Figure E: Grievance Redressal Mechanism on the Startup Portal[4]



[3] "Login" *StartupHimachal website* https://startuphimachal.hp.gov.in/home/login/ accessed 14 March 2022
[4] "Grievance/Register Your Complaint" *StartupHimachal website* https://emerginghimachal.hp.gov.in/backoffice/ticket accessed 14 March 2022

2.1.2 Way Forward

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

Digital Infrastructure[5]

- The Government could publish the events organized in the notification category of the startup portal. The details regarding the latest events could be displayed in the homepage banners to highlight and make the visitors more informed of these events.

Policy Intervention[6]

- Apart from the interventions for startups at the State level, specific departments of the State may also come up with startup-related 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.

- The State may provide specific incentives and benefits to women-led startups under the State startup policy. The incentives could include a monthly sustenance allowance for women-led startups. The State may further reserve a specific quota for women-led startups in terms of funding grants and incubation support.

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

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

The Government of Himachal Pradesh has identified the need for the introduction of new rules and amendments to the existing rules, regulations, and acts in strengthening the startup ecosystem. The State has also introduced initiatives to support the startup ecosystem. One such initiative is:

Startup Solutions for COVID 19 supported by COVID 19 Taskforce

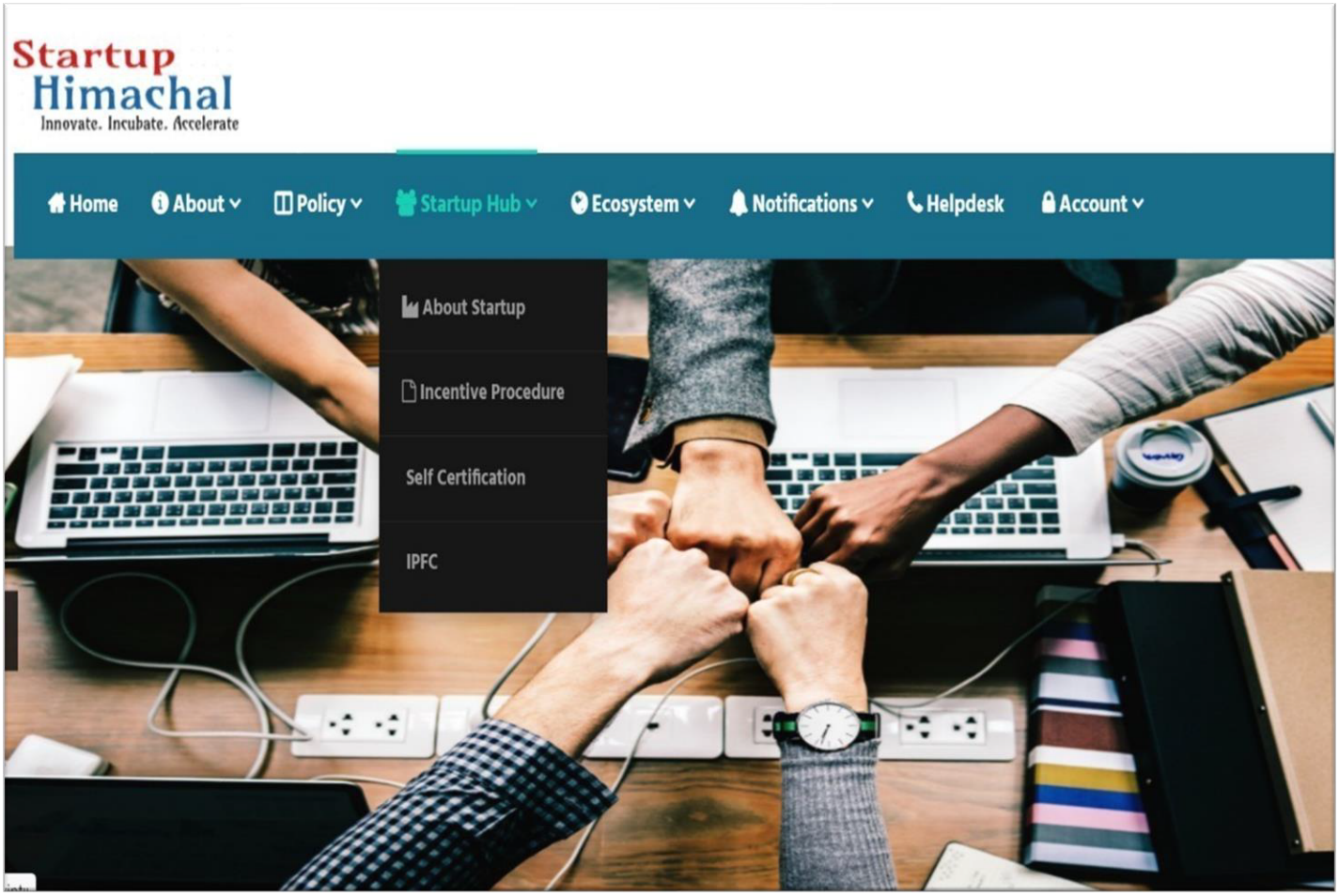
"Submit Solutions to combat COVID 19", available on the State Startup Portal aims at scouting innovative technologies and solutions for precautionary as well as treatment-related interventions.

More than 350 participants participated in these programs

The HP Centre for Entrepreneurship Development (HPCED) has conducted several programs and workshops on Industrial Entrepreneurship (IEP), under the Chief Minister startup scheme and other schemes, in HEIs to promote entrepreneurial spirit and support student entrepreneurs. These programs were undertaken by 5 institutions in the State viz., ITI Patlikuhal, Rajkiya Kanya Maha Vidyalaya (RKMV), ITI Kullu, ITI Hamirpur and ITI Sundernagar.

The State has provided the complete procedure for applying for incentives[7] through the startup portal of the State to avail of benefits/incentives (refer to Figure F).

Figure F: Incentive Procedure on the State Startup Portal[7]



[7] "Incentives Procedure" *StartupHimachal website* https://startuphimachal.hp.gov.in/about/incentive-procedure/ accessed 14 March 2022

2.2.2 Way Forward

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

Policy Intervention

- The State departments may come up with policies to support the startups operating in the disruptive technologies sector. The State can work on the inclusion of disruptive areas such as the Internet of Things, Artificial Intelligence, robotics, Machine Learning, and blockchain in its policy development.

- Further to facilitate startups with the adoption of disruptive technologies the State can look at providing a "digital upscaling subsidy" where the State can provide a one-time subsidy for the procurement and up-gradation of high-end electronic equipment.

- The State may come up with a policy or interventions targeted at grassroot innovations. The State can look at developing a separate parameter for "social impact", under which a startup either promotes a product that relates to the State's ethnicity or promotes a product or service that is based in a rural area.

Digital Infrastructure

- In the wake of the COVID 19 pandemic, an effective online mechanism for registering startups either at the State level or through DPIIT can be developed to help these startups avail the relaxations available at the State and the Central level.

- The State may maintain documentary details of programs conducted to promote the startup ecosystem. This can be showcased on the State startup portal for knowledge dissemination and to encourage the youth.

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 Government of Himachal Pradesh conducted various outreach events to provide a platform for startups for showcasing their innovative ideas and to help startups participate in the public procurement process. More than **50 startups** have benefited from these programs.

2.3.2 Way Forward

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

Policy Intervention

- The State may introduce policy measures providing relaxation to startups to encourage startups to participate in public procurement. The State may 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/State PSUs is reserved for startups.

- The State may explore the possibility of not keeping a minimum turnover requirement for startups participating in the public procurements process. Relaxation of the condition of prior turnover and prior experience can be given, subject to meeting of quality and technical specifications. Furthermore, exemptions can be extended to startups from submission of Earnest Money Deposits (EMD) while participating in Government tenders.

- The State may connect startups to the Government e-Marketplace (GeM) portal to increase access to the market.

2.4 Incubation Support

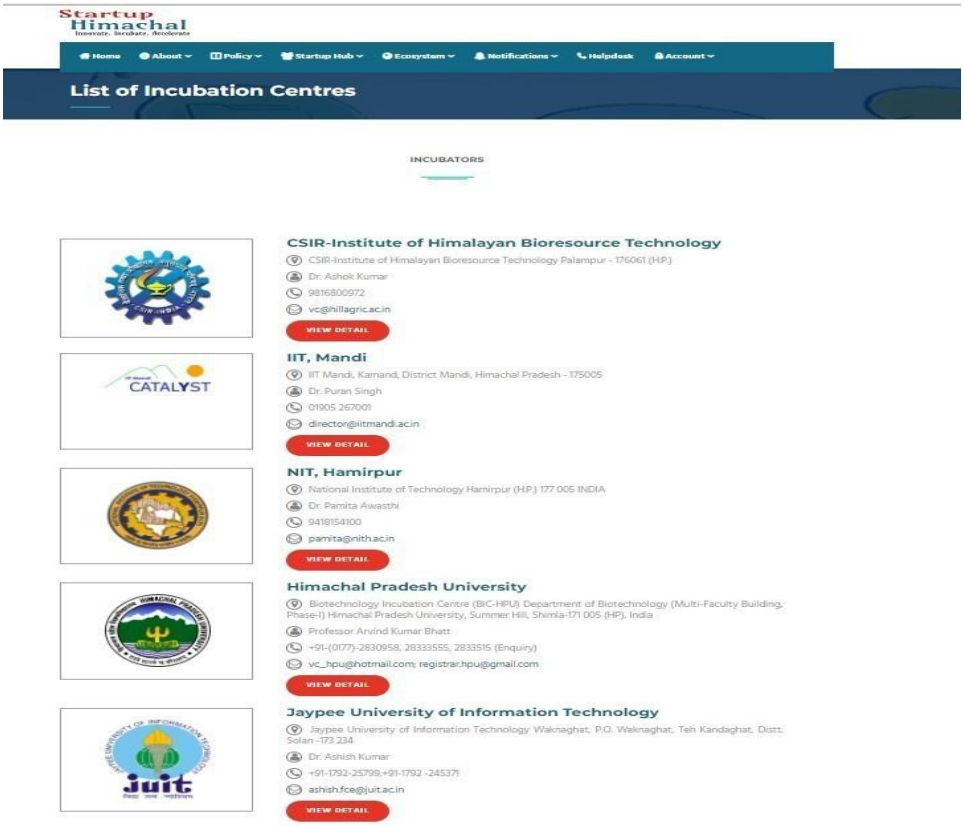
Incubation support is provided in the form of financial and infrastructural support to startups and State-supported incubators. The State/UT Governments have been supporting incubators to set up or upgrade existing facilities through funds and incentives to enhance the incubation infrastructure. This 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 entrepreneurial spirit in Himachal Pradesh is driven by support programs and services provided to the startups through State set-up incubators. The incubators have nurtured new ideas and industries to support them in their entire life cycle till the same is turned into a commercial enterprise.

The State of Himachal Pradesh has more than **10 empanelled incubation centres** with the financial assistance of **INR 2.4 Crores**.

Figure G: List of Incubators on State Startup Portal[8]



[8] "Incubators" *StartupHimachal website* https://startuphimachal.hp.gov.in/about/incubators/ accessed 14 March 2022

The State Government aims to promote new age startups, enhance entrepreneurship across the State and drive economic growth through innovation. The startups have received support in terms of mentoring, funding, networking linkages, and advisory and technological assistance on a free-of-cost (FOC) basis.

2.4.2 Way Forward

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

Handholding Support[9]

- The possibility of virtual incubation in existing incubators can be explored by the State and new virtual incubators can be set up across the various districts of the State.
- Additionally, 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 continuously with power tariff subsidy.
- 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 the incubators. The existing incubators can be upgraded to further increase their capacity.

Capacity Building[10]

- The State may conduct acceleration programs across districts within the State in a phased manner. The State can leverage the virtual format for holding seminars and discussions to extend the reach of its programs. In this way, the State can connect with stakeholders outside the State as well as outside the country.

[9] *Actions that include support provided in terms of mentorship and incubation.*
[10] *Actions that involve states to improve provisions under access to market, incubation support, mentorship support for startups.*

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

The Government of Himachal Pradesh has set up a fund under "Him Startup Yojana (HIMSUP)" to enable the existing and potential entrepreneurs to establish individual enterprises.

An amount of **INR 10 Crore** has been allocated to this fund. This fund will be disbursed through an empanelled incubator as a grant-in-aid in tranches of **INR 2 Crore** each year for 5 years.

Himachal Pradesh has provided **sustenance allowance** to **more than 160 beneficiaries**

The State has organized events and supported incubators to provide a platform for the startups to connect with private funds and investors. Even during the pandemic, the Government continued the effort with virtual events and pitching sessions.

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 may 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.

2.6 Mentorship Support

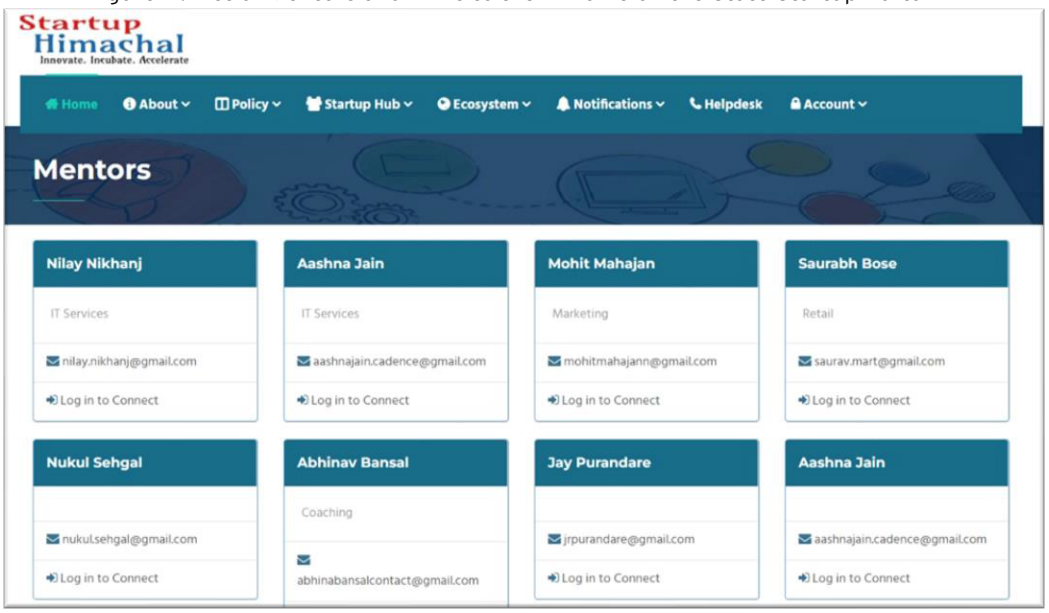
Mentorship support provided by States/UTs is a crucial factor in the growth of startups that do not have the means and network to find such guidance on their own. Mentors can be from business schools providing support in terms of marketing, finances, product, international expansion, fundraising, legal, 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 State of Himachal Pradesh has supported startups and innovative projects in the State to provide skills to the youth and potential investors to develop entrepreneurship. The growth of startups in the State has led to an increase in the number of mentorship programs leveraging the design thinking methodology among the entrepreneurs.

The Startup Himachal portal has more than **90 registered mentors**[11], including corporates, MSMEs, entrepreneurs, innovators, and industry experts (refer to Figure H). The State has a dedicated team of mentors to provide sector-specific assistance to the startups, along with the contact details and sector expertise of mentors displayed on the State startup portal.

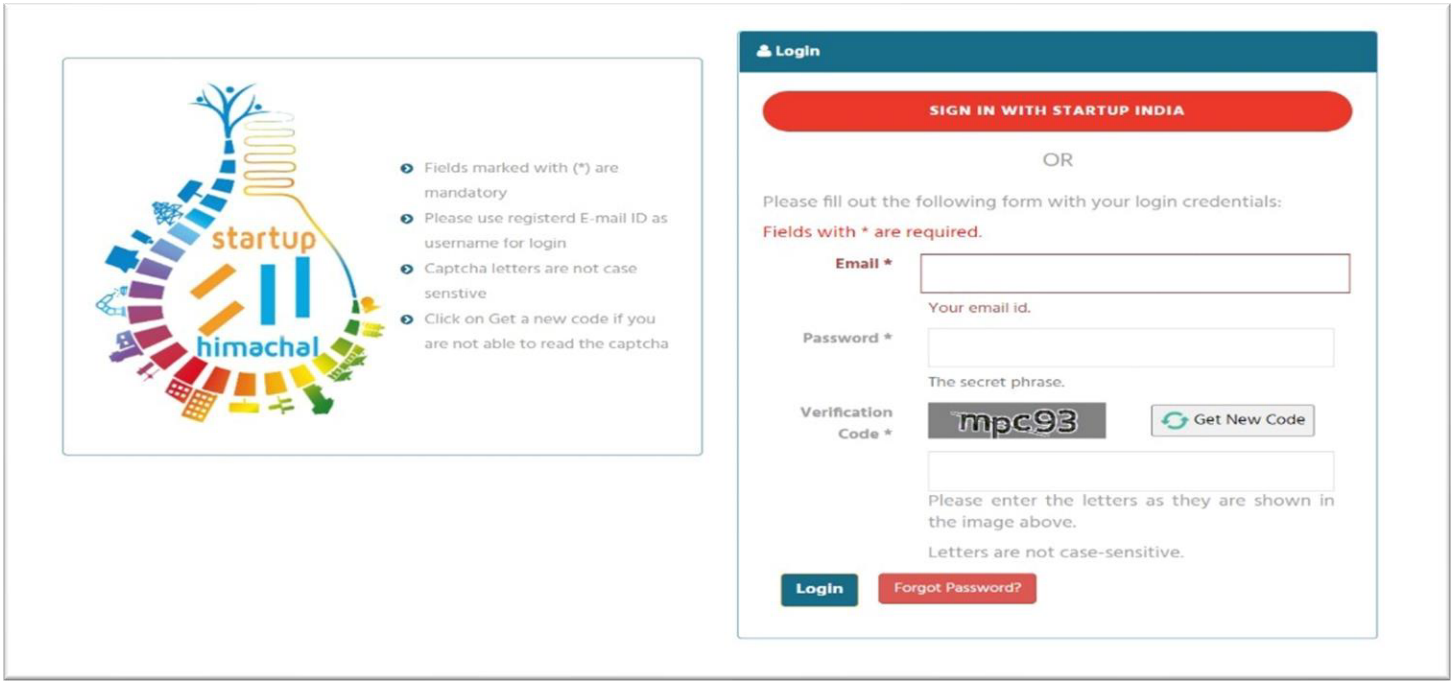
Figure H: List of Mentors and Links to their Profile on the State Startup Portal[11]



[11] "Mentors" *StartupHimachal website* https://startuphimachal.hp.gov.in/about/mentors/ accessed 14 March 2022

The Portal has a "mentor connect mechanism" through which any startup can connect with the mentors of their choice by signing in on the portal depending upon their business needs. This mechanism ensures a smooth connection between startups and State recognized mentors (refer to Figure I).

Figure I: Sign up on the Startup Portal for Mentor Connect[11]



Himachal Pradesh Centre for Entrepreneurship Development (HPCED) is responsible to accelerate the growth and success of new startups through an array of business support resources and services and providing networking connections. HPCED has organized mentorship programs in collaboration with Government organizations, incubation centres, educational institutions, and private organizations.

2.6.2 Way Forward

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

Capacity Building

- The State may support programmes that spread awareness on the importance of mentoring and networking for startups. Sessions could also be conducted at the school level to create awareness among the children and help them materialize their ideas at early stages.

- 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 conferences could be explored to learn from other national and international experiences.

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

The Government of Himachal Pradesh with support from the Himachal Pradesh Centre for Entrepreneurship Development (HPCED), conducted sensitization workshops for the officials of State Government departments, potential investors, and incubators to sensitize potential investors on investment in startups.

HPCED has enlisted a pool of institutions such as IITs, IIMs, Technology Centre, and other institutes dealing with industrial development to train orient, and handhold the new entrepreneurs.

More than **50 Government officials sensitised through the data sensitization workshops** on the startup landscape in the State

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 Government may hold quarterly sensitization 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. This training could be conducted by industry experts to mitigate operational and functional impediments.
- The State could develop the capacity of incubators through various training programs. The State may cover topics related to Intellectual Property Rights, business incubation models (which can be sector-specific), 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, and one-on-one interactions to facilitate investor connect. With the pandemic affecting investment spirit, these programs may be designed to channel investment from within the community to support local innovators sustainably using local resources.

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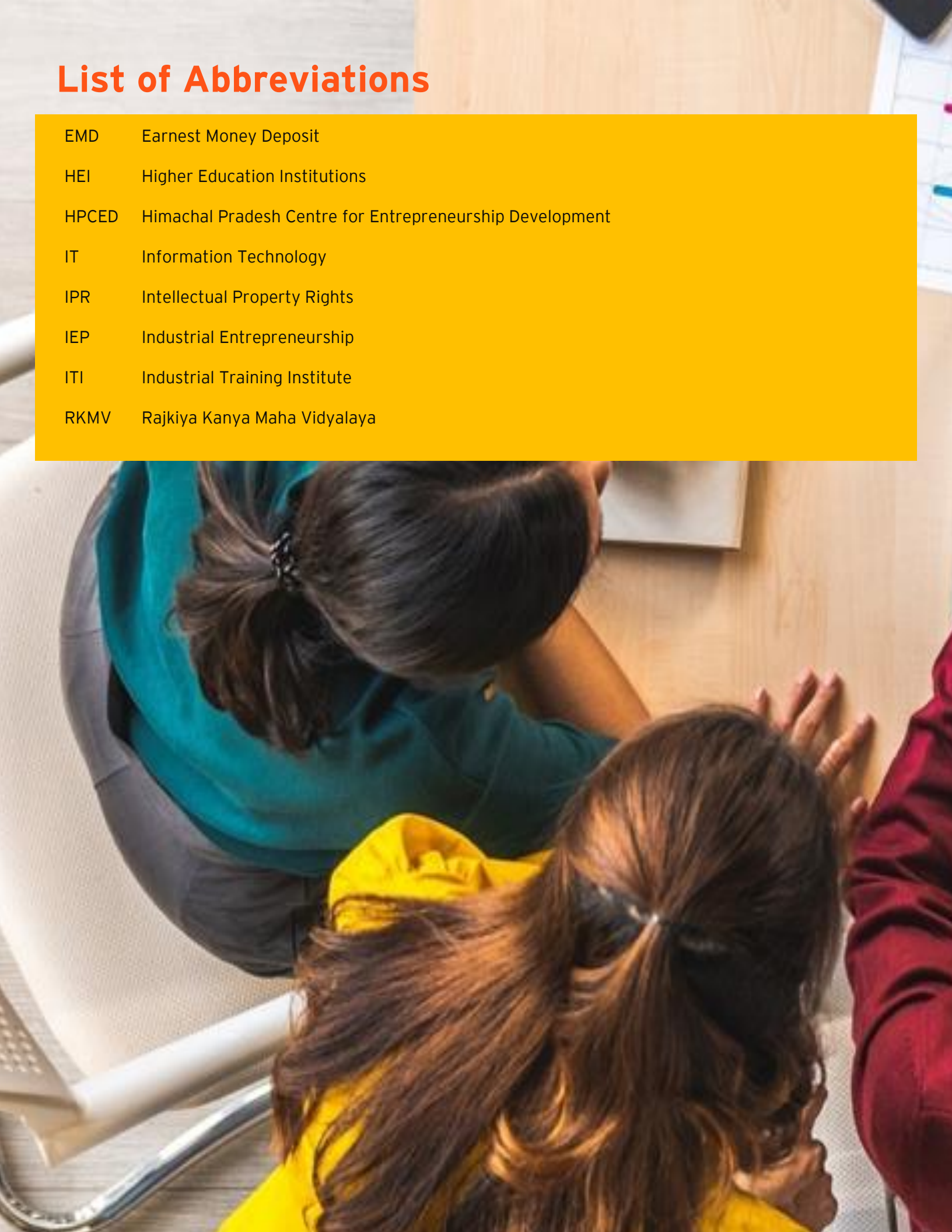
List of Abbreviations

EMD	Earnest Money Deposit
HEI	Higher Education Institutions
HPCED	Himachal Pradesh Centre for Entrepreneurship Development
IT	Information Technology
IPR	Intellectual Property Rights
IEP	Industrial Entrepreneurship
ITI	Industrial Training Institute
RKMV	Rajkiya Kanya Maha Vidyalaya



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