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

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STATES' STARTUP RANKING 2022
LEADER

ANDHRA PRADESH

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States' Startup Ranking 2022 Results

Andhra Pradesh participated in 25 Action Points of the Ranking Framework 2022. Andhra Pradesh 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 Andhra Pradesh 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.

Andhra Pradesh 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.

67th — Institutional Support

71st — Fostering Innovation and Entrepreneurship

55th — Access to Market

69th — Incubation & Mentorship Support

15th — Funding Support

67th — Capacity Building of Enablers

25th — Roadmap to a Sustainable Future

STATE STARTUP ECOSYSTEM

Andhra Pradesh is the seventh largest State of India with the second longest coastline in the country (975 km). The State has a population over eight crore (census 2011). During FY 2022-2023, Andhra Pradesh contributed close to 5% of India's Gross Domestic Product (GDP).[1]

Andhra Pradesh is home to the startups with great ties to the large information technology-based talent pool, which offers competitive costs to their offshore counterparts. Andhra Pradesh Innovation Society (APIS) is the nodal agency and facilitates in the development of State Startup ecosystem.

Information Technology, Electronics and Communications Department (ITE&C) released a policy document in 2021 to provide fiscal and non-fiscal benefits to the Startups in the IT industry. The document also highlights the definitions of an IT company, a BC enterprise (enterprise promoted by backward class community entrepreneurs), a women-led Startup and outlines additional benefits to such Startups.

The Government of Andhra Pradesh continues to expand its support for the Startup ecosystem with new offerings and initiatives. The State plans to launch a flagship Startup promotion scheme called "Accelerate Startups in AP," for early-stage Startups to offer plug-and-play office space and access to a network of investors and mentors.

State Startup Policies and Incentives

The Andhra Pradesh Startup Policy 2021-24 is a comprehensive framework designed to bolster the States Startup ecosystem by providing a range of incentives and support mechanisms.

1. Infrastructure Development: The State is developing State-of-the-art IT concept cities, an Integrated Technology Park, and co-working spaces to ensure world-class facilities for Startups.

2. IT emerging technologies research university: This university established in Visakhapatnam promotes innovation and offers relevant degree programs, attracting top talent and industry collaboration.

3. Employability enhancement: Various skill development programs and Massive Online Open Classrooms (MOOCs) supports in workforce training and development.

4. Incubation Centres and Centres of Excellence (CoE): The establishment of these centres and laboratories focuses on emerging technologies and promotes innovation and collaboration between Startups and the private sector.

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[1]Based on official RBI statistics

5. Co-Working Spaces: Shared office spaces are offered to IT firms in a transparent public-private partnership mode, fostering a professional work environment.

6. State Data Centre (SDC): Ensuring data security, the State Government is establishing a primary and disaster recovery SDC with substantial capacity.

7. Fiscal incentives: The State Government offers incentives for employment creation, work from home, gig economy support, and quality certifications.

8. Startup ecosystem development: The State supports Startups with various trainings, access to market reports, plug-and-play office space, a dedicated Fund of funds, incubation centres, technology-focused hackathon events and workshops.

9. Transport Subsidy: IT firms can access a transport subsidy to ease operational costs.

10. Centralised Procurement: The State Government streamlines IT procurement, ensuring quality, security, and cost savings for State Government departments.

11. Local Procurement Preference: Local IT companies receive preference in State Government procurements up to a certain value, stimulating the growth of homegrown businesses.

Highlights of State Startup Ecosystem[2]

Andhra Pradesh has made huge strides in leading the growth of Startup ecosystem and culture. Some of the achievements of the State Startup Ecosystem during the period of consideration are as follows.

500+
Startups registered

250+
Programs conducted in educational institutions (including Higher Education Institutes)

35+
Incubators functioning across 10 districts

30+
Startups provided fiscal support

~10
Programs conducted to connect Startups with investors

200+
Startups provided with incubation support

100+
Women- led Startups

10+
Programs conducted to sensitise potential investors

120+
Startup provided with mentorship support

50+
Startups with rural impact supported

20+
Startups provided with acceleration support

KEY INITIATIVES
Driving Growth

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

- Startup Policy: A comprehensive policy framework that simplifies regulations, reduces compliance burdens, and offers technological incentives for Startups and investors.

- Training Programs: The State Government has training programs for entrepreneurs with business ideas to address knowledge gaps in understanding target markets, create business plans, understand tax laws, insurance, financial planning, and sales & services.

- Fund of Funds (FoF): The State Government has co-created a FoF in partnership with a consortium of venture capitals, private equity firms and universities for funding State Startups.

- Incubation Centres: Sector-specific incubation centres have been set up in the areas notified by the State Government.

- Accelerator Startups in Andhra Pradesh (ASAP): A flagship Startup promotion scheme have been initiated for early age Startups offering plug-&-play office space, access to a network of investors, mentors, and the States trained talent pool.

- Emerging Digital Technologies: Startups working on digital technologies is being provided priority in the allotment of plug-&-play spaces and access to talent pool, incubation centres, Centres of Excellence, and prototyping labs. These emerging digital technologies include Augmented or Virtual Reality, Artificial Intelligence or Machine Learning, Internet of Things, Data science, Robotics, Fifth Generation (5G) cellular network, serverless computing, natural language processing, Blockchain and others.

Institutional Support

Introduction

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

Institutional Support focuses on the facilitation and execution of the State 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 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 Government departments including that of Government policies that are currently active for support to Startups.

Government of Andhra Pradesh has a focussed approach in the development of Startup ecosystem in the State. The APIS was set up in 2015 and is the State nodal agency for promoting the growth of innovation, entrepreneurship, and Startups by providing a platform to entrepreneurs, researchers, students, citizens, and the State Government. The function of APIS includes the following:

- To create policies, frameworks, guidelines, and mechanisms, and processes for Startups, incubators, mentors, service providers, partner institutions, investors, funding bodies and others to enable a conducive Startups ecosystem in the State.

- To appropriately support and handhold Startups and other stakeholders during the entire registration and recognition process.

- To resolve the issues and grievances faced by Startups and stakeholders on the Startup Andhra Pradesh Portal.

State Performance

In line with the focus on development of State Startup ecosystem, the State has a dedicated Startup portal.
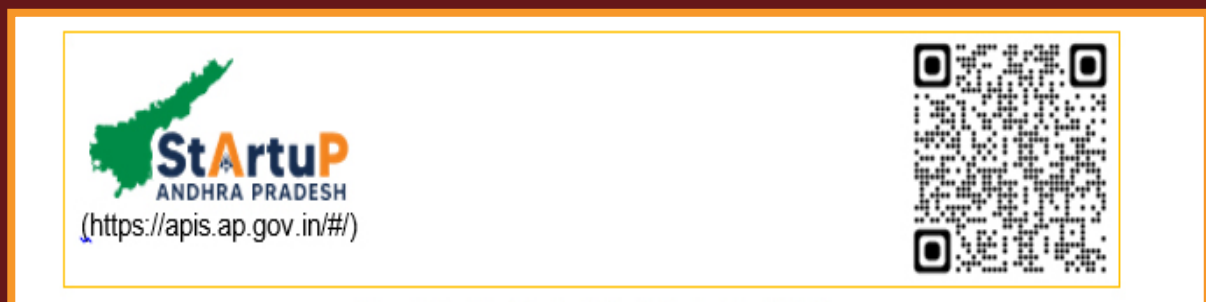

Figure A: Andhra Pradesh State Startup Portal URL

The Portal provides easy access to information such as:

1. Details of State level approvals & clearances for Startup registration

2. Details of State Nodal Officer, Nodal Department and Dedicated team for Startups

3. Details of Dedicated Helpline or call centre number on Startup Portal

4. List of Incubators and Accelerators with contact details

5. List of Mentors

6. Details of Public Procurement relaxation for Startup on Portal

7. Details of availing Funding Support

8. Details of departments providing institutional support to Startups

9. Details of marketing, outreach, events, webinars on State

10. Tracking of submitted applications

11. The portal is also accessible to persons with disabilities (PwD)

12. The webpages of portal can be accessed in local or official language

Figure B: Homepage of Startup Andhra Pradesh Portal

The State Startup portal captures investor queries and goes beyond grievance resolution, incorporating a feature that welcomes user suggestions and feedback. The login page also gives the option to users of "Sign in with Startup India" which enables Department for Promotion of Industry and Internal Trade (DPIIT) recognised startups to automatically log in without the hassle of registration again on the State portal.

Figure C: Submit Grievance page for Startup Andhra Pradesh Portal

State Government have been providing institutional support to the State Startups. During the period of consideration 120+ startups availed the institutional support.

State has 15+ active policies that provide various fiscal & non-fiscal incentives to Startups, MSMEs and Women Entrepreneurs working in sectors such as IT & IT enabled Services, logistics, health, food processing and others.

Way Forward

- Other functionalities may be added on website for easy access to information such as Search functionality, Call-to-action buttons, multiple language translation of webpages and others.

- The functionality of Chatbot for Query or Grievance resolution may be included on Grievance portal for quick resolution on basic queries or Grievances.

- State Government departments apart from Nodal Department may provide institutional support to Startups. The institutional support could be in the form of sustainable programs, hackathons, grand challenges, incubation support, funding support, venture funding, open data APIs, public procurement support and other sustainable programs.

Fostering Innovation & Entrepreneurship

Introduction

Fostering Innovation and Entrepreneurship, as the name of the 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 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.

Andhra Pradesh promotes entrepreneurship among students through diverse events, including angel investment sessions, Startup pitches, book reviews, idea conversion workshops, accelerators or incubation opportunities, and lectures on diverse topics such as marketing, Software as a Service (SaaS), automation, and technology roadmap creation.

Additionally, hackathons, entrepreneurship programs, innovation classes, business plan workshops, and open mic sessions provide a comprehensive platform for students to explore, pitch ideas, and gain valuable insights from industry experts and successful entrepreneurs.

State Performance

550+
Registered Startups
in the State

100+
Women-led Startups
supported

16,500+
Students attended

13,500+
Students attended 125+ entrepreneurial workshops and bootcamps at HEIs

State Government is working toward promoting a culture of Innovation and Entrepreneurship and had 550+ Startups registered in the State during the period of consideration. For further uplifting women-led Startups, State has been providing Incubation and mentorship support with access to seed funding to these Startups.

Among the various event undertaken by the State, one such event conducted was the 'Startup Rendezvous'. It was organised to display market-ready products by Startups incubated with CIIE narrating the saga of 'Campus Entrepreneurship' with different types of business models.

More than 25 Startups displayed their products and services in their stalls and 100+ student and faculty teams participated in various events and pitching competitions during the Fest. 2,500+ students from various academic disciplines and 400+ university faculty visited these stalls.

Figure E: List of Mentors on Startup Andhra Pradesh Portal

Way Forward

- 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 may be included in workshops with case studies on the latest rules and regulations to support the Startups in disruptive sectors. State Government departments may also be part of these workshops for effective knowledge dissemination.

- State may design knowledge support and outreach programs to disseminate the benefits of registering Startups, thereby encouraging entrepreneurs and founders to do the same.

Access to Market

Introduction

This Reform Area seeks to encourage the State 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 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.

Government of Andhra Pradesh has provisioned exemptions to encourage and include Startups in public procurement. The State also conducts various programs in the areas of innovative product showcase opportunities, interaction with incubators, and incubator-industry connect workshops to provide showcase opportunities to Startups.

State Performance

50+

Work orders given to Startups, with total value of work orders worth 100+ Crore

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[3] https://apis.ap.gov.in/#/publicprocurement

The State offers the following relaxations[3] to the Startups registered with the APIS for public procurement that are up to INR 50 lakhs in value. The relaxations are sector-agonistic and applicable to all Startups irrespective of their domains.

1. Exemption from payment of Earnest Money Deposit (EMD)

2. Exemption from the condition of prior turnover

3. Exemption from the condition of prior experience

4. Waiver of Tender cost

ome of the workshops which was undertaken by the State Government providing access to market opportunities to the Startups include:

- Problem Solving & Ideation Workshop (IIC-SKU) at AIC-SKU Confederation

- Advanced Data Cluster Hackathon at Andhra Pradesh State Skill Development Corporation, Tadepalli.

- Workshop on Digital Communication Innovation

Way Forward

- 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 give mandate to State Departments and State PSUs to compulsorily procure a certain percentage of required goods or services from registered Startups.

- The State may provide the relaxations outside the State Startup Policy and as a separate Government Order or Notification outlining the relaxations.

- 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.

Incubation and Mentorship Support

Introduction

Incubation support is provided in the form of financial and infrastructural support to Startups and State supported incubators. The State Governments have been supporting

incubators to set up or upgrade existing facilities through funds and incentives to enhance the incubation infrastructure. This Reform Area also aims at ensuring proportionate 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 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.

Government of Andhra Pradesh has a pool of mentors providing the mentorship support to State Startups. To further strengthen the Startup ecosystem, State Government has been encouraging for incubators setup and upgradation to strengthen the existing infrastructure.

State Performance

90+
Registered
mentors

35+
35+ functioning
incubators

The Startup Andhra Pradesh Portal has a list of mentors that contains details of each mentor's positions, roles, and links to their respective LinkedIn profiles. Additionally, the website provides an overview of the mentorship process, offering a detailed guide to help users.

The Portal mentions a detailed Mentorship Program in which mentors function as crucial support for entrepreneurs sharing their knowledge and contacts acquired through experience. The APIS addresses the challenges of Startups by connecting them with mentors, offering a mentorship process where Startups can connect with multiple mentors for support.
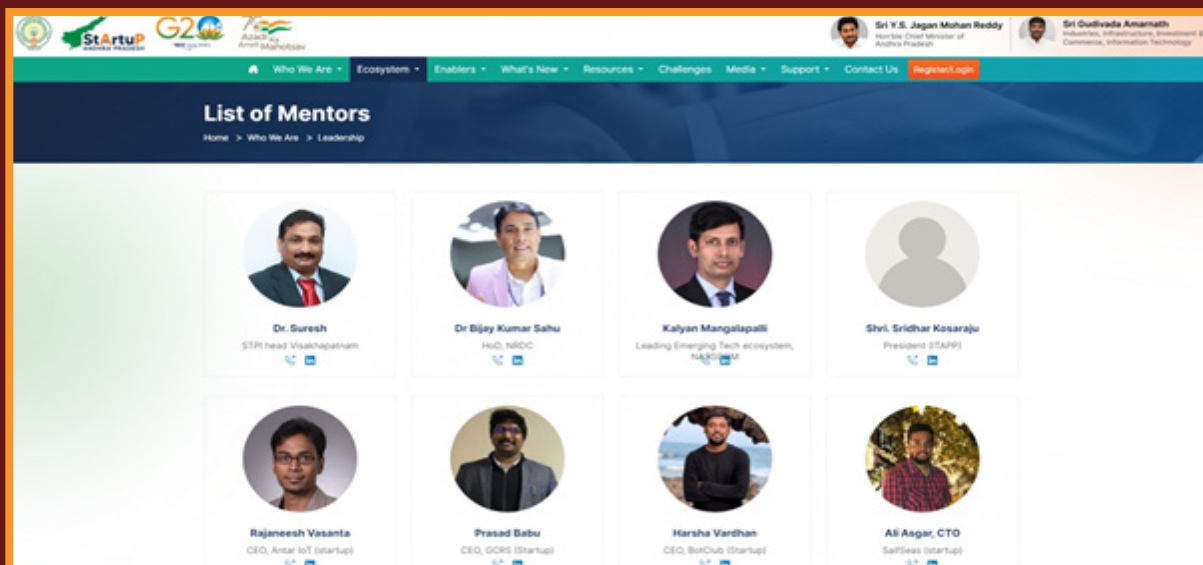
Figure F: List of Mentors on Startup Andhra Pradesh Portal

Way Forward

- The State may set up more incubators to guide young entrepreneurs. The State may explore the possibility of virtual incubation as well.

- Support to new incubators may 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 a period of five years continuously with power tariff subsidy.

- The State may also develop its State Startup Portal in a way such that Startups can connect with incubators through a dedicated incubator dashboard.

- 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.

- The State may encourage more Startups to enrol in acceleration programs where Startups get an opportunity to connect with investors, engage in skill development and obtain knowledge support.

- The State may look to engage and connect with mentors outside the State, at the national as well as international level.

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 mobilize the private investments into Startup ecosystem by connecting Startups with investors such as workshops, networking events and pitching sessions.

Government of Andhra Pradesh Funding support covers a range of activities related to entrepreneurial initiatives, innovation, and Startup development. A breakdown of the types of funding support is as follows:

- Entrepreneur-in-Residence (EiR)
- Event Management
- Innovation Challenges and Competitions
- Regional Institution's Innovation Council (IIC) Event
- Workshops and Training
- Marketing Assistance
- Startup Support and Management
- TIDE 2.0 Scheme

State Performance

30+

Startups sanctioned funding support
of more than INR 10 Cr

State has been undertaking various events providing funding opportunities to the Startups. An example of a program offering fiscal support was the Andhra Pradesh Innovation Fintech Challenge 2022 for scouting innovations and Startups. It focused on emerging technologies such as Internet of Things (IoT), Artificial Intelligence (AI), Machine Learning (ML), Data Science, Analytics, Smart Decision tools, Blockchain and Robotics

Figure G: Andhra Pradesh Innovation Fintech Challenge 2022 on Startup Andhra Pradesh Portal

Way Forward

- State may organise events, conferences dedicated to Funding with discussions on Funding Opportunities and its processes.

- The State may establish a loan scheme for Startups in the preliminary stages of their life cycle. The State may consider providing easy funding options in the form of loan or equity especially designed for Startups.

- State may collaborate with financial institutions, venture capitalists and angel investors to additional funding options for startups regularly.

- 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 State Government

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.

State Performance

~5

sensitisation workshops for sensitising State Government officials conducted

The State has organised several workshop and events to sensitise relevant stakeholders. More than 25 State Government officials were sensitised during the period of consideration. 30+ State-supported incubators were trained through ~10 capacity development workshops. Examples include an Incubator Interactive Session and Stakeholders Consultation Workshop on strengthening the Innovation and Entrepreneurship Ecosystem in Andhra Pradesh. The objective of the workshop was to:

1. Sensitise the incubators and other ecosystem stakeholders on the States' Startup Ranking Framework 2022

2. Establishment of a Centre of Excellence (CoE) in emerging and deep technologies

3. Developing a resource sharing module in the portal for the incubators and accelerators in Andhra Pradesh

Figure H: Event Picture from Stakeholder Consultation Workshop sensitise relevant stakeholders.

With an emphasis to sensitise potential investors (including family businesses, corporate houses & entrepreneurs) on investment in startup, 20+ programs were undertaken by the State.

Way Forward

- The State Government may hold quarterly sensitisation workshops for various State Government departments and officials to encourage them to interact with Startups to understand their concerns.

- The State may document the details of the workshops and programs conducted in terms of the record of discussion and detailed participation records of the stakeholders.

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.

State Performance

2

Active State policies supporting Startups working on circular economy

The State has provided mentorship, marketing assistance, and incubation support to Startups working towards Sustainable Development Goals during the period of consideration. 30+ Startups focused on renewable energy and climate change, and sustainability were supported by the State Government.

More than 30 Startups with Rural impact were supported by the State during the period of consideration. Some policies that were currently implemented by State includes:

e-Waste Recycling and Disposal Services Policy: includes identification of agency for e-waste collection, transportation, recycling, and disposal services for all the State Government offices across Andhra Pradesh by establishment of collection centres and channelise for recycling, refurbishing, and disposing.

Hardware and Software Lifecycle Management Policy: The State Government has formulated this policy to address the issues of hardware replacement, software upgradation, and interoperability of applications. It lays down standard operating procedures for procurement, replacement and maintenance of IT hardware, and procurement of Operating System (OS) and office tools.

Way Forward

- State may develop specific incentives for the Startups working in the field of sustainability, renewable energy, climate change and circular economy and consider amending any existing policy or incentive for Startups in the State to support these Startups.

- State may undertake sensitisation workshops with Startups, Incubators and other Stakeholders in the field of sustainability, renewable energy, climate change and circular economy

Annexure
List of figures

Annexure

CoE: Centres of Excellence

GDP: Gross Domestic Product

APIS: Andhra Pradesh Innovation Society

ITE&C: Information Technology, Electronics and Communications Department

MOOCs: Massive Online Open Classrooms

SDC: State Data Centre

FoF: Fund of Funds

ASAP: Accelerator Startups in Andhra Pradesh

FAQs: Frequently Asked Questions

APIs: Application Programming Interface

DPIIT: Department for Promotion of Industry and Internal Trade (DPIIT)

CIIE: Centre for Innovation Incubation & Entrepreneurship, IIM Ahmedabad

HEIs: Higher Educational Institutes (HEIs)

EMD: Earnest Money Deposit

IIC-SKU: Institution's Innovation Council, Sri Krishnadevaraya University, Anantapuramu

AIC-SKU: Atal Incubation Centre, Sri Krishnadevaraya University, Anantapuramu

TIDE 2.0: Technology Incubation and Development of Entrepreneurs (2.0) scheme

EiR: Entrepreneur-in-Residence (EiR)

IoT: Internet of Things

AI: Artificial Intelligence

ML: Machine Learning

OS: Operating System

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