



5<sup>th</sup> Edition

# States' Startup Ecosystem Ranking Andhra Pradesh

Leader

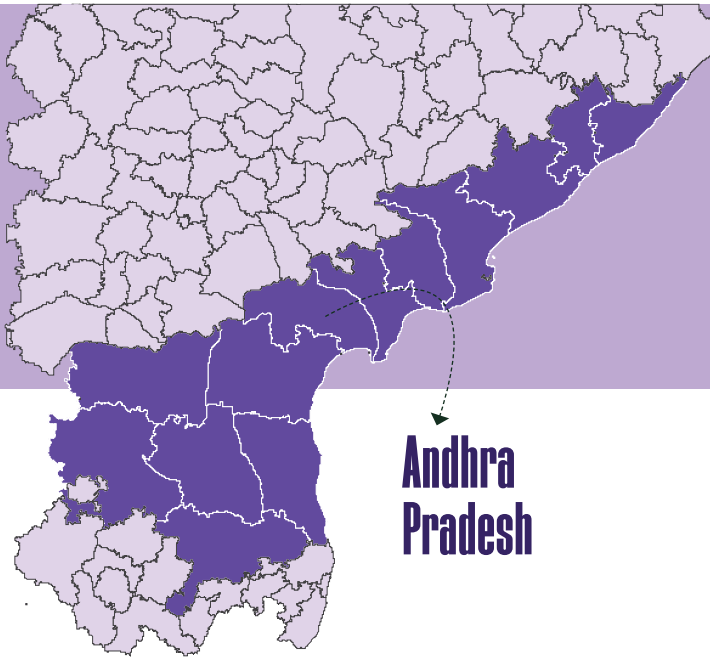




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# 1. About the State



Andhra Pradesh, the seventh largest state in India by area, is marked by a coastline of 1,053.07 km - the third longest in the country, giving it a natural advantage in trade and maritime activities.

Andhra Pradesh, the seventh largest state in India by area, is marked by a coastline of 1,053.07 km - the third longest in the country, giving it a natural advantage in trade and maritime activities. Situated along the southeastern coast, the state boasts a diverse landscape ranging from fertile plains and productive farmlands to scenic hills and coastal ports. Its strategic coastal location enhances connectivity with both domestic and international markets, while its balanced mix of rural and urban development contributes to a resilient and inclusive economy anchored in both traditional and modern sectors.

The state, home to around 8.5 Cr people (as per the 2011 Census), has an urbanization rate of 33.3% reflecting a steady shift toward industrial and service-sector growth across its expanding urban centres. Economically, Andhra Pradesh

recorded a Gross State Domestic Product (GSDP) of INR 15.93 Lakh Crore in 2024-25, growing at a strong CAGR of 11.7% over 2011-12. The State attracted Foreign Direct Investment (FDI) worth USD 233.14 Mn and registered exports valued at USD 20.78 Bn in 2024-25, reflecting its growing prominence as a key economic hub in southern India.

Andhra Pradesh has been actively advancing its startup ecosystem through the efforts of the Andhra Pradesh Innovation Society (APIS), the nodal agency driving innovation and entrepreneurship in the state. Operating under the Information Technology, Electronics and Communications Department (ITE&C), APIS has been instrumental in nurturing a vibrant environment for startups by promoting technology adoption, facilitating incubation support, and building strong industry-academia linkages.

With a vision to create a robust innovation-driven economy, Andhra Pradesh continues to position itself as a dynamic hub for startups and emerging technologies in India.



# 2. State Startup Policies and Initiatives

## 2.1 State Startup Policies

Andhra Pradesh's MSME & Entrepreneur Development Policy 4.0 was the policy that was considered as the startup policy during the period of consideration.

Some of the key features of this policy include:

- Capital Subsidy such as 25% of Fixed Capital Investment (FCI) up to INR 25 Lakhs for micro enterprises and 25% of FCI up to INR 1.5 Cr for small enterprises.
- Eligible MSMEs receive power tariff subsidy to lower electricity costs, especially for backward communities.
- Reimbursement of 100% SGST paid to the State for a defined period, subject to certain upper limits.
- Development of ~175 MSME parks (at least one per assembly constituency) to provide plug-and-play industrial land and facilities, coupled with subsidies and concessions.
- Dedicated corpus to support credit guarantee schemes, technology transfer, revival of sick units, R&D and market linkages.



The Government of Andhra Pradesh, through its Information Technology, Electronics and Communications (ITE&C) Department, has introduced a forward-looking IT and IT Enabled Services (ITES) Policy (2021–2024). The policy introduces a comprehensive set of fiscal and non-fiscal incentives designed to encourage startups, boost employment, and attract both domestic and global investors to establish operations in the state:

#### ● **Employment Creation Incentive**

To promote job generation, IT companies are eligible for a one-time incentive based on the number of local employees hired. The incentive ranges from INR 50,000 to INR 1,00,000 per position depending on job level

#### ● **Work-from-Home Support**

Recognizing new global work trends, the state offers a one-time incentive of up to INR 20,000 per employee for IT firms enabling remote work within Andhra Pradesh.

#### ● **Startup Development Measures**

The state's flagship scheme, "Accelerate startups in Andhra Pradesh (ASAP)", supports early-stage ventures through access to plug-and-play office spaces, mentorship networks, investor connections, and a fund-of-funds worth INR 100 Cr in partnership with venture capital firms.

#### ● **Incentives for Training Institutes**

Registered training institutes in the state are eligible for a one-time incentive of INR 10,000 per local full-time employment facilitated, promoting industry-aligned skill development.

## 2.2 Key Initiatives Driving Growth

#### ● **AP Startup One Portal**

One-stop-shop platform for Startups, incubators, investors and mentors. It offers information on sectoral policies, opportunities, and a single-window interface to apply for benefits under this and other state policies.

#### ● **Co-working Space (CWS) / Neighborhood Working Space (NWS)**

The state government has established co-working spaces to give startups, businesses, and professionals a place to work together. These spaces provide desks, chairs, meeting rooms, internet, and cafeterias. To support the IT sector, the state has set up 12 co-working spaces in 5 districts. Some of these include Hawkish Coworking Space, Qubexpro Business Centre, and NANO SPACE Coworking Centre, among others.

#### ● **Ratan Tata Innovation Hub (RTIH) Establishment**

The state government issued operating guidelines for the Ratan Tata Innovation Hub (RTIH), which acts as a dedicated innovation-ecosystem centre in Andhra Pradesh, supporting start-ups through pre-incubation, mentoring and networking across the state.

#### ● **Local Procurement Preference**

The state ensures 100% government procurement from Andhra Pradesh-based IT startups for projects up to INR 1 Cr and grants a 5% technical evaluation advantage for higher-value projects, promoting local enterprise participation.

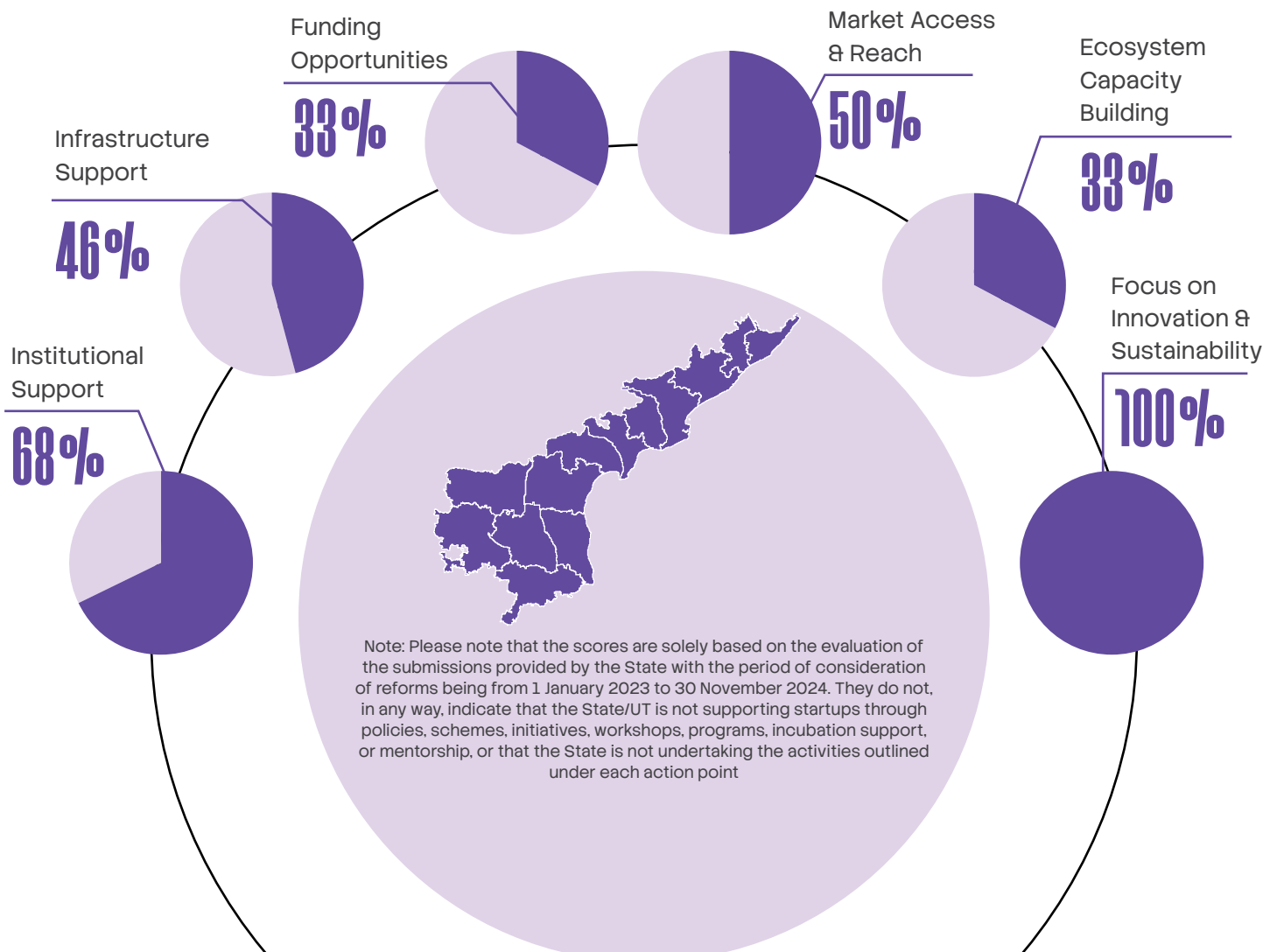
# 3. States' Startup Ecosystem Ranking Results

Andhra Pradesh participated in all 6 Reform Areas and 19 Action Points of the 5<sup>th</sup> edition of the States' Startup Ranking Framework, and has been positioned as a "Leader" State in Category A.

The state's performance across different reform areas is presented below as percentile scores, which is the relative performance of the State in each Reform Area as compared to States/UTs in Category A. For example, if the state has a score of 100<sup>th</sup> 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.

Overall, the State has been evaluated across 6 Reform Areas that are critical to strengthening and advancing the State's startup ecosystem. Detailed analysis with insights into the initiatives taken by the State to promote its startup ecosystem are discussed in the subsequent sections.

**Figure 1: Reform area wise scores for Andhra Pradesh**



# 4. Reform Area 1 - Institutional Support

## 4.1 Introduction

**Institutional Support** focuses on the foundational support provided by state governments to foster startup ecosystems. It evaluates whether states have active startup policies, designated nodal departments, and

dedicated teams. It also assesses the extent of support provided by other government departments beyond the nodal agency. Key action points include the presence of a startup policy, identification and development of priority sectors, support for women entrepreneurs, and initiatives for young student entrepreneurs.

It covers 6 action points:



**Action Point 1:**  
Support Provided to Startups  
by State/UT Department(s)



**Action Point 2:**  
For Development with a Futuristic  
and Disruptive Focus



**Action Point 3:**  
Women Entrepreneurial  
Development



**Action Point 4:**  
For the Growth of  
Young Entrepreneurs



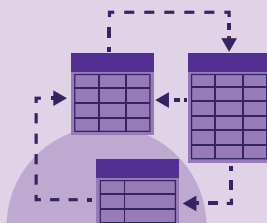
**Action Point 5:**  
Entrepreneurial Growth in the  
Social Innovation Landscape



**Action Point 6:**  
Mentorship Support  
Provided to Startups

## 4.2 Performance

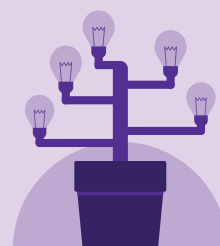
**10+**



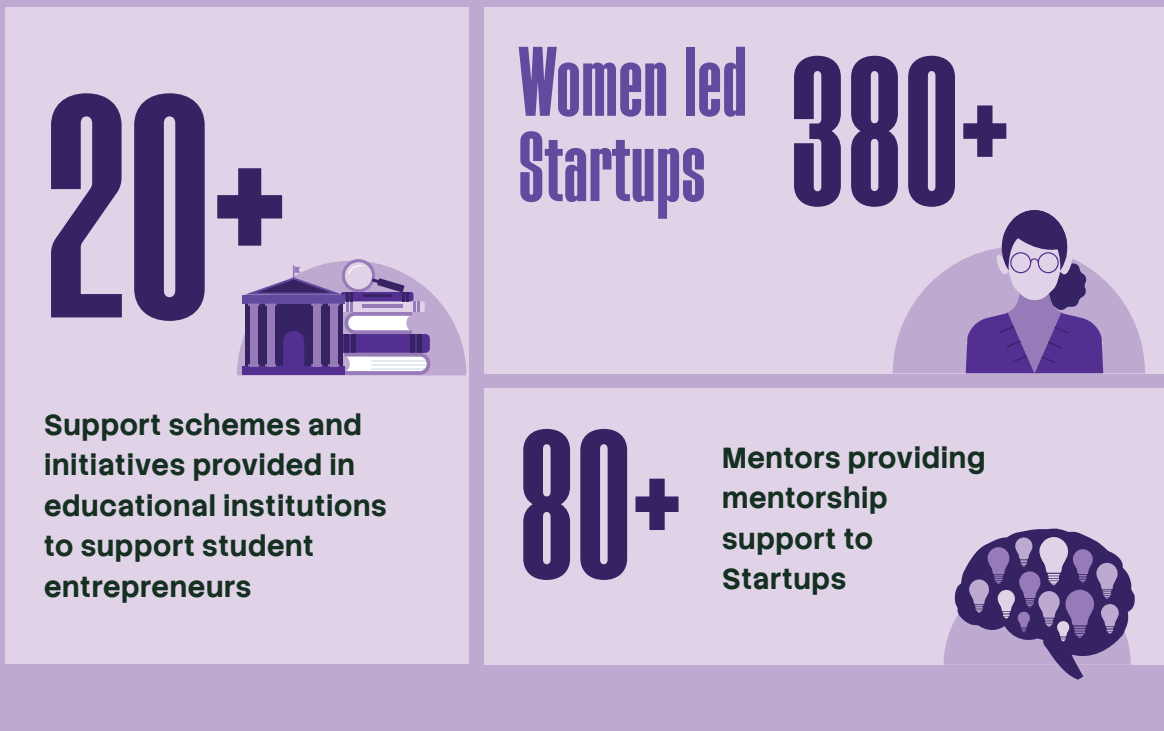
Unique schemes/initiatives/  
activities launched to develop  
Priority Sectors

**180+**

Unique  
Startups  
supported  
in Priority  
Sectors







## Institutional support provided to Startups

The Andhra Pradesh Innovation Society (APIS), under the administrative supervision of the Information Technology, Electronics & Communications (ITE&C) Department of the Government of Andhra Pradesh serves as the State's Nodal Agency. Its objectives include encouraging innovation, entrepreneurship and startup growth by offering a dedicated platform for entrepreneurs, researchers, students, citizens, and government stakeholders

to collaborate and support the State's development.

Andhra Pradesh was among the first states in India to introduce a dedicated policy aimed at creating a robust and inclusive innovation and entrepreneurship ecosystem. The relevant policy which was active during the consideration period was Andhra Pradesh MSME & Entrepreneur Development Policy 4.0, which has now been replaced by Andhra Pradesh Innovation & Startup Policy 2024-29.

**Figure 2: Nodal agency for Startups in Andhra Pradesh**

innovationsociety@ap.gov.in +91 7396603335 10:00 AM to 05:00 PM Screen Reader Access English

**ANDHRA PRADESH Innovation Society** **Startup ANDHRA PRADESH**

**Sri Nara Chandrababu Naidu** Hon'ble Chief Minister of Andhra Pradesh

**Sri Nara Lokesh** Hon'ble Minister for IT Electronics & Communication; RTG Human Resources Development;

**Nodal Agency**  
Home > Who We Are

**About**

Andhra Pradesh Innovation Society (APIS) was set up in 2015 under the AP Societies Registration Act, 2001 functioning under the administrative control of Information Technology, Electronics & Communications (ITE&C) Department, GoAP has been designated as the State Nodal Agency for promoting the growth of innovation, entrepreneurship, and startups by providing an appropriate platform to entrepreneurs, researchers, students, citizens, and the government who can contribute significantly to the development of the State.

Andhra Pradesh was one of the pioneering states in India to devise a dedicated policy for building a strong and inclusive ecosystem for innovation and entrepreneurship in the state.

**Functions of AP Innovation Society (APIS)**

- To create policies, frameworks, guidelines, set up a mechanisms and process for startups, incubators, mentors, service providers, partner institutions, investors, funding bodies etc, and to enable a conducive startups ecosystem in the state
- To appropriate support and handhold startups and other stakeholders during entire registration and recognition process.
- To develop a mechanism for the stakeholders to get in touch with each other i.e. startups, incubators, mentors, investors, service providers, partner institutions, investors, funding bodies etc.
- To guide and support all key stakeholders in the startup ecosystem.

The policy provides several incentives such as subsidy on fixed capital investment (FCI) for new and expanding MSME units (35% of eligible investment), 100% net SGST reimbursement for a fixed number of years, complete reimbursement of stamp duty, registration charges, and land conversion fees for industrial use, and several others.

In addition to the nodal department, several other departments such as AP State Skill Development Corporation, Department of Science & Technology are also actively assisting startups through policies and incentives.

## Development with a Futuristic and Disruptive Focus

The State has identified priority sectors to guide the development of a futuristic and innovation-driven startup ecosystem. These priority sectors include Artificial Intelligence, Green Technologies and Renewable Energy, Agri & Aqua Tech, Drones and Robotics, etc.

To promote startups operating within the identified priority sectors, the State had **10+ schemes, initiatives / policies / activities** operational during the evaluation period, with interventions including capital subsidy, concession on stamp duty and registration charges, SGST reimbursement, plug-and-play infrastructure, incubation & accelerator support, testing, certification and sandbox trials.

As per the documentary evidence submitted, more than **180+ unique startups have been supported across the identified priority sectors.**

## Women Entrepreneurial Development

The State has undertaken focused measures to promote women entrepreneurship as part of its

startup ecosystem development efforts in form of incubation support, mentorship, marketing assistance and access to seed funding among others through various state schemes and policies.

As per the documentary evidence submitted, the State has supported more than **380+ unique women-led startups during the evaluation period. These startups are distributed across 20+ districts within the State.**

## Growth of Young Entrepreneurs

The State has implemented structured interventions to encourage entrepreneurship among students and young innovators through educational institutions, primarily in form of workshops and hackathons.

For instance, the State conducted GENAI-IoT Innovation Challenge, wherein the event provided a platform for tech enthusiasts, students and professionals to explore and innovate at the intersection of Generative AI and IoT technologies.

Overall, during the evaluation period, the State implemented **20+ such comprehensive support structures / schemes / programs** aimed at supporting student entrepreneurs.

## Mentorship Support Provided to Startups

The State has facilitated structured mentorship support for startups as part of its ecosystem development initiatives. As per the documentary evidence provided, more than **80+ mentors have been engaged to provide mentorship support** to startups within the State during the evaluation period.

# 5. Reform Area 2 - Infrastructure Support

## 5.1 Introduction

**Infrastructure Support** evaluates the availability and quality of both digital and physical infrastructure provided by states to startups. Digital infrastructure includes state startup portals with features like online registration, grievance redressal, and accessibility in local

languages and for persons with disabilities. Physical infrastructure focuses on the establishment and upgrading of incubators, especially those supporting manufacturing and hardware startups. It also assesses the number of startups receiving incubation support and the facilities available to them.

It covers 2 action points:



**Action Point 7:**  
Access to Digital Infrastructure



**Action Point 8:**  
Access to Physical Infrastructure

## 5.2 Performance

# 2500+

Startups registered  
on the State  
Startup portal



# 140+

Startups provided  
incubation Support



## Access to Digital & Physical Infrastructure

The State has enabled digital access for startups through a unified State Startup Portal that serves as a single-window interface for registration, information dissemination, and service delivery. As per the records submitted, **2,500+ startups are registered on the State**

**Startup Portal.** The portal is also available in local language, which enhances its reach to entrepreneurs.

Further, as per the documentary evidence submitted, **140+ unique startups have received incubation or acceleration support across State-supported incubators and accelerators** during the period of consideration.

# 6. Reform Area 3 - Funding Opportunities

## 6.1 Introduction

**Funding Opportunities** examine the financial mechanisms established by states to support startups. It includes the creation and management of seed funds, venture funds, and funds of funds, especially those

targeting priority sectors. It also evaluates the number of startups that have received funding through these mechanisms and the extent of collaboration with financial institutions. Additionally, it assesses initiatives like pitching sessions and investor connect programs that facilitate access to private capital.

It covers 3 action points:



**Action Point 9:**  
Access to Funding



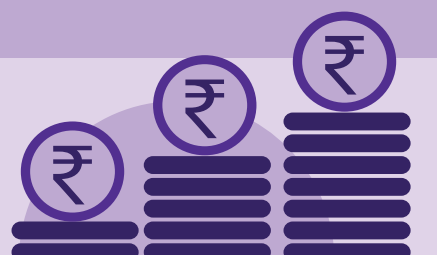
**Action Point 10:**  
Number of Startups which have Received Funding through State Supported Funds or Mechanisms



**Action Point 11:**  
State Support in Fundraising Initiatives

## 6.2 Performance

**12+** State supported fundraising Initiatives



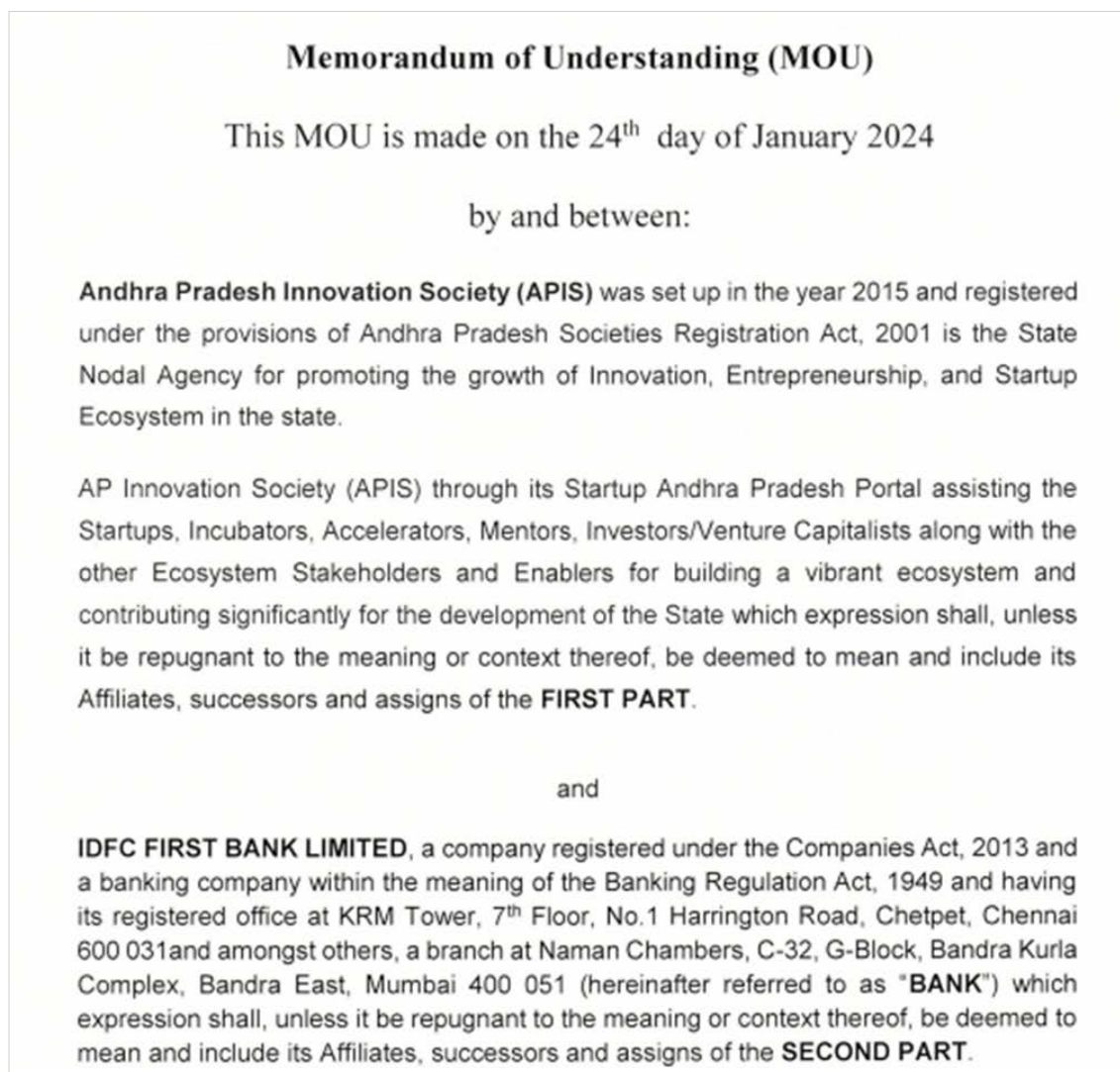


## Access to Funding

The State has initiated collaborative funding provisions for startups in partnership with banking and financial institutions such as IDFC First Bank Limited, ICICI Bank Limited among

others. As per the documentary evidence submitted, details have been provided on sanctioned funding, proof of release of funds, total amount disbursed during the evaluation period, and associated sanction letters.

**Figure 3: MoU between IDFC Bank and APIS**



## State Support in Fundraising Initiatives

The State has undertaken targeted initiatives to facilitate fundraising for startups by enabling

structured interactions with angels, investors, and financial institutions. These initiatives include **12+ state-led programs featuring awareness on financial awareness and pitching sessions.**

# 7. Reform Area 4 - Market Access & Reach

## 7.1 Introduction

**Market Access & Reach** focuses on how states help startups access markets by relaxing public procurement processes, awarding Government Work Orders, and domestic and international exposure. It evaluates the number of tenders

floated with startup-friendly relaxations, the number of startups awarded work orders, and the reach of market access initiatives across districts. It also considers programs that connect startups with government departments, corporates, and international trade bodies for product showcases and pilot projects.

It covers 3 action points:



### Action Point 12:

Market Access Opportunity  
Provided to Startups through  
Public Procurement



### Action Point 13:

Number of Startups  
Awarded Purchase Orders  
or Work Orders

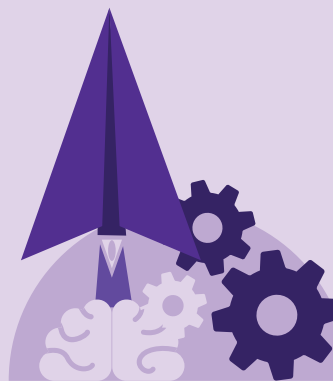


### Action Point 14:

Access to Domestic  
and International Market  
Access Opportunities

## 7.2 Performance

**30+** Unique market  
access  
opportunities  
by state



## Access to Domestic and International Market Access Opportunities

The State has enabled market access for startups by facilitating their participation in public procurement through procedural relaxations in tenders and RFPs issued by State government departments and public sector undertakings. Such relaxations include exemption from the requirement of Earnest Money Deposit (EMD), prior turnover requirement, prior experience requirement and full waiver of tender document cost for innovative and eligible startups for public procurements up to INR 50 Lakh.

The State has also undertaken structured initiatives to enable startups to access domestic and international markets through programs that are funded or executed end-to-end by the State, as well as through facilitative partnerships with external agencies.

During the evaluation period, the State implemented **30+ market access initiatives**, including mostly innovative programs, designed to improve visibility, customer acquisition, and business expansion opportunities for startups. Some of these include events such as Empowering Innovation: Investor Connect with Koushik Sekhar, and Catalyst for Growth: Investor Connect with Kasireddy Ankal Reddy among others.

# 8. Reform Area 5 - Ecosystem Capacity Building

## 8.1 Introduction

**Ecosystem Capacity Building** evaluates efforts to strengthen the startup ecosystem through training and sensitization programs. It includes workshops for government officials, capacity

development for incubators, and sensitization programs for ecosystem enablers like mentors, investors, and accelerators. The focus is on building awareness, improving stakeholder capabilities, and fostering collaboration across the ecosystem.

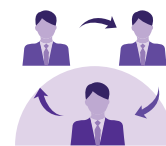
**It covers 3 action points:**



**Action Point 15:**  
Capacity Building of Officials of State Government Departments on Startup Ecosystem of India



**Action Point 16:**  
Number of State-supported Incubators Trained Through Capacity Development Workshops



**Action Point 17:**  
Number of Programs Conducted to Sensitize Ecosystem Enablers

## 8.2 Performance

# 70+

Unique State-sponsored incubators trained



### Capacity Building on Startup Ecosystem of India

During the evaluation period, multiple sensitization workshops / programs have been conducted to familiarize officials with startup-related policies, regulatory frameworks, and the role of government in enabling entrepreneurship.

As per the documentary evidence submitted, officials from **8+ State departments participated in these sensitization programs**. Some of the capacity building workshops

include Amravati Drone Summit, Missile Technology Conclave-Cum-Symposium, IT Summit 2023 – Infinity Vizag.

Further, the State has undertaken capacity development initiatives to strengthen the operational and managerial capabilities of State-supported incubators through structured training workshops and programs. As per the documentary evidence provided, **70+ State-supported incubators** have participated in capacity development workshops during the evaluation period.





# 9. Reform Area 6 - Focus on Innovation & Sustainability

## 9.1 Introduction

**Focus on Innovation and Sustainability** assess how states promote innovation and sustainability through support for Intellectual Property Rights (IPR), Research and Development (R&D), and

startups focused on climate change and circular economy. It evaluates the presence of policies facilitating IPR, the extent of R&D support, and the number of sustainability-focused startups receiving incentives.

**It covers 2 action points:**



### Action Point 18:

Initiatives Undertaken by the State/UT to Facilitate Research and Innovation



### Action Point 19:

Support to Startups for a Sustainable Focus

## 9.2 Performance

# 60+

Startups focused on renewable energy, climate change, and sustainability



# 2+

Policies for startups focused on renewable energy/ sustainability



## Initiatives Undertaken by the State/ UT to Facilitate Research and Innovation

The State has undertaken initiatives to strengthen research and innovation within the startup ecosystem. Support for patents, copyrights, trademarks, and other IPR-related activities has been provided through a MoU signed between AP Innovation Society and National Research Development Corporation (NRDC)-an enterprise of the Department of Scientific and Industrial Research (DSIR), Ministry of Science & Technology, Government of India.

These provisions include provide expert services, including funding support, technology transfer, intellectual property rights (IPR) assistance, and other value-added services to startups, MSMEs, and academic institutions within the Andhra Pradesh region.

In addition, the State has extended R&D support to startups operating in identified priority sectors through targeted incentives and programs. Such support includes grants for research and product development, access to research infrastructure, collaboration with academic or research institutions, pilot and proof-of-concept support, or procurement-linked innovation incentives.

## Support to Startups for a Sustainable Future

During the evaluation period, state policies such as A.P. Renewable Energy Export Policy 2020 and Andhra Pradesh Integrated Clean Energy Policy – 2024 supported startups in the circular economy and sustainability domains.

For instance, the key incentives under the Andhra Pradesh Integrated Clean Energy Policy – 2024 include:

- 25% subsidy on fixed capital investment (FCI) for solar, wind and electrolyser manufacturing projects
- 100% reimbursement of net State GST (SGST) for eligible clean energy, green hydrogen and battery energy storage system (BESS) projects for five years
- Exemption or 50% reduction in intra-state transmission and wheeling charges for a defined period for eligible projects.
- Guaranteed minimum off-take commitments (e.g., minimum power or product of manufacturing units) to support project bankability.

As per the documentary evidence submitted, the State has supported **60+ startups working in areas such as renewable energy and integrated clean energy.**



# 10. Way Ahead

- The state may augment its support to startups in public welfare sphere by having separate policy and clearly articulating a formal definition of public welfare startups. Further, the State may clearly define who qualifies to be a woman entrepreneur and this information may be published in the public domain.
- The state may focus on increasing the number of manufacturing-focused incubators to better support startups, while also identifying and upgrading existing incubators that require capacity or infrastructure enhancement.
- The state may establish dedicated seed fund, venture fund, or fund of fund for startup. The state may also allocate funds which are focussed on development of the priority sectors of the nation.
- The state may encourage greater participation of startups in government procurement by increasing awareness of available relaxations in procurement norms and eligibility criteria.
- The state may increase the number of sensitization workshops for government officials to strengthen their understanding of startup business models and enable more effective support to startups.



# 11. Annexures

## List of Figures

Figure 1: Reform area wise scores for Andhra Pradesh

Figure 2: Nodal agency for Andhra Pradesh

Figure 3: MoU between IDFC Bank and APIS



# 12. Bibliography

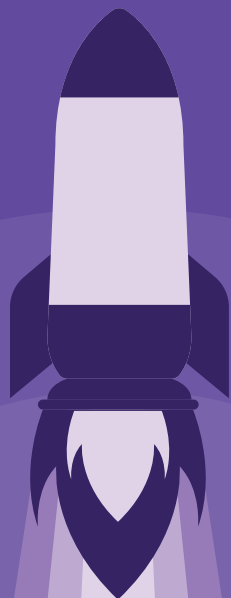
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