5th Edition

States' Startup Ecosystem Ranking

Lakshadweep

Emerging Startup Ecosystem

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1. ABOUT THE UT

Lakshadweep, a group of 36 islands, is known for its exotic beaches and lush green landscape. The name Lakshadweep in Malayalam and Sanskrit means 'a hundred thousand islands.'

Lakshadweep, a group of 36 islands, is known for its exotic beaches and lush green landscape. The name Lakshadweep in Malayalam and Sanskrit means 'a hundred thousand islands.' It is a uni-district Union Territory and comprises of 12 atolls, three reefs, five submerged banks and ten inhabited islands. The islands have a total area of 32 sq km. According to the 2011 Census, Lakshadweep has a population of 64,000 and an urbanization rate of 78.125%.

In 2024-25 (April-February), the total merchandise exports from Lakshadweep stood at USD 0.7 Mn. The abundance of Lakshadweep Islands has provided India with 20,000 sq.km. of territorial waters and 400,000 sq.km. of Economic Zone Exclusive (EEZ).

The UT has a strong resource base in fisheries and coconut-based activities, with significant potential to develop value-added products for overseas markets. In addition, the UT of Lakshadweep has scope to establish service industries such as general engineering workshops, auto servicing, electrical and electronics servicing, dry and wet grinding units, machine workshops, and IT-enabled services.

The nodal department for industrial development and entrepreneurship in Lakshadweep is the Department of Industries.

2. UT Startup Policies and Initiatives

2.1 UT Startup Policies

The Industries Department of Lakshadweep works to promote sustainable economic growth by leveraging local resources while safeguarding the environment. The department also supports entrepreneurship. Key services include:

- **Entrepreneurship Support:**
  Guidance and support for setting up micro, small, and medium enterprises (MSMEs). Assistance in project planning, feasibility studies, and registration.

- **Financial Assistance:**
  Support in obtaining loans through banks and financial institutions.

- **Skill Development and Training:**
  Vocational training programs in coir making, coconut processing, fish processing, tailoring, handicrafts, etc. Capacity-building workshops for artisans and entrepreneurs.

- **Infrastructure Support:**
  Provision of industrial sheds, common facility centers, and production units support in developing coir and coconut-based industry units.

- **Promotion of Local Industries:**
  Assistance in marketing and branding of local products, organizing exhibitions and trade fairs to showcase local crafts and goods.

- **Sustainable Industry Development:**
  Promotion of eco-friendly and low-impact industries suitable for the fragile island ecosystem. Encouraging renewable energy use and waste management practices in industrial operations

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25% Capital Investment Subsidy:
Aimed at promoting entrepreneurship and industrial growth among Micro and Small entrepreneurial units, eligible entrepreneurs can receive a capital investment subsidy of 25% on the investment made in plant and machinery for their units. The scheme encourages the establishment and expansion of small industries across the islands, focusing on sustainable, eco-friendly business development suited to Lakshadweep's unique environment.

These services aim to create livelihood opportunities, encourage self-employment, and ensure environmentally responsible industrial growth in Lakshadweep.
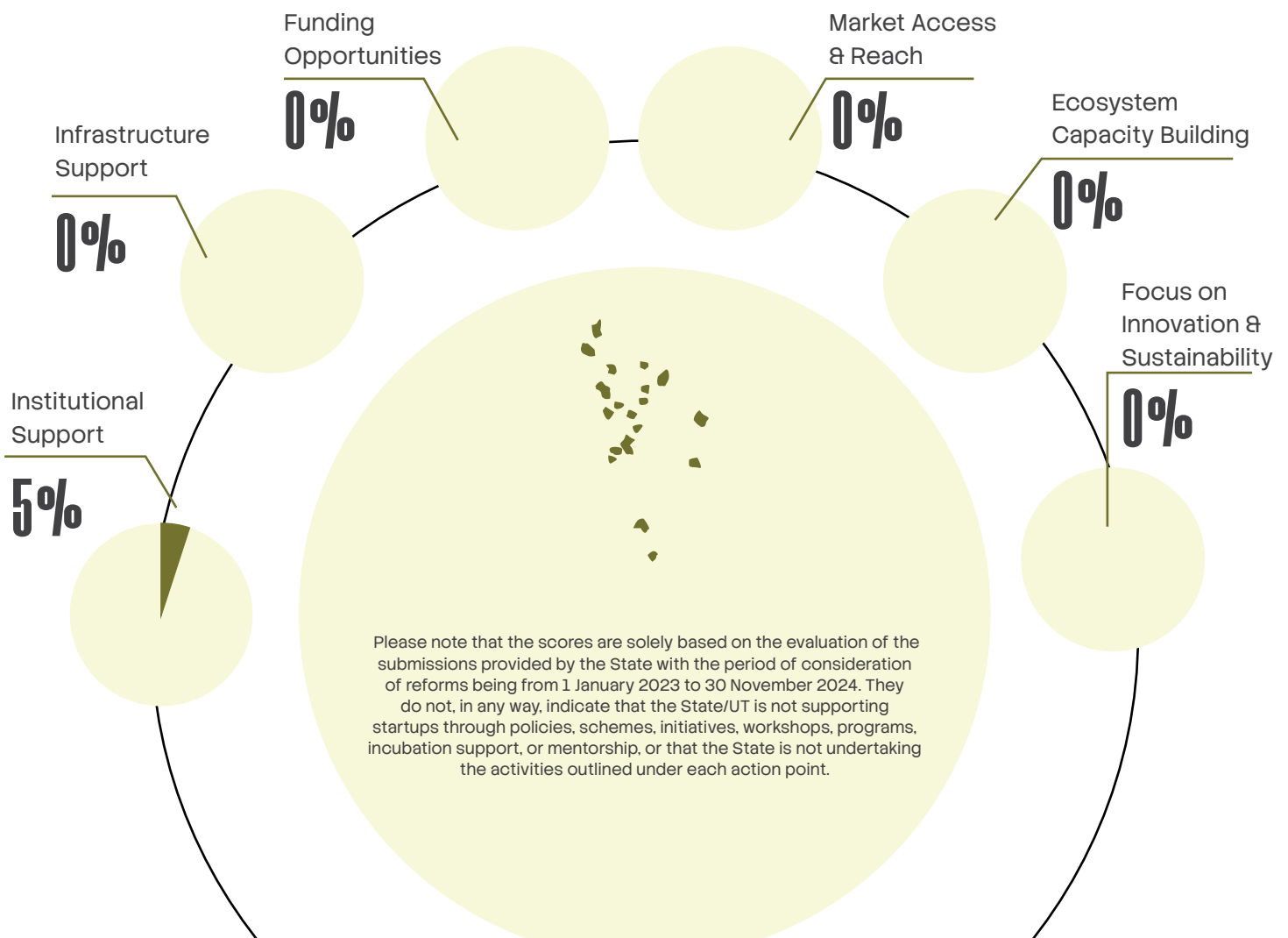
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3. UTs' Startup Ecosystem Ranking Results

Lakshadweep participated in all 6 Reform Areas and 19 Action Points under the 5th edition of States' Startup Ecosystem Ranking, and has been positioned as a 'Emerging Startup Ecosystem' UT in Category B.

The UT's performance across different reform areas is presented below as percentile scores, which is the relative performance of the UT in each Reform Area as compared to States/UTs in Category B. For example, if the UT has a score of 100th percentile in the 'Institutional Support' Reform Area, this implies that the UT has scored higher than all the participating States/UTs in that Reform Area.

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

Figure 1: Reform area wise scores for Lakshadweep

Funding Opportunities
0%

Market Access & Reach
0%

Infrastructure Support
0%

Ecosystem Capacity Building
0%

Institutional Support
5%

Focus on Innovation & Sustainability
0%

Please note that the scores are solely based on the evaluation of the submissions provided by the State with the period of consideration of reforms being from 1 January 2023 to 30 November 2024. They do not, in any way, indicate that the State/UT is not supporting startups through policies, schemes, initiatives, workshops, programs, incubation support, or mentorship, or that the State is not undertaking the activities outlined under each action point.

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

Development with a Futuristic and Disruptive Focus:

Lakshadweep has identified priority sectors to guide the development of a futuristic and innovation-driven startup ecosystem. These priority sectors include travel and tourism and Information Technology services.

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

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6. Reform Area 3 - Funding Opportunities

6.1 Introduction

Funding Opportunities examines 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

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

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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.
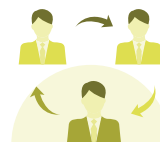
It covers 3 action points:

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

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9. Reform Area 6 - Focus on Innovation & Sustainability

9.1 Introduction

Focus on Innovation and Sustainability assesses 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

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10. Way Ahead

- The UT may strengthen clarity and visibility around its startup ecosystem governance by clearly establishing and operationalising a startup policy framework, nodal department, nodal officer, and a dedicated startup support team.

- The UT may clearly define who qualifies as a woman entrepreneur and place greater emphasis on targeted support for women-led startups through focused interventions.

- The UT may expand and deepen mentorship support by increasing the number of mentors actively engaged with startups.

- The UT may strengthen startup-facing grievance redressal mechanisms to ensure accessibility, including availability in official or local languages and access for persons with disabilities.

- The UT may strengthen and expand its incubator ecosystem to provide startups with improved infrastructure, mentoring, and sector-specific support The UT may conduct additional workshops or sensitization programs to support priority-sector startups and those engaged in local development.

- The UT may focus on facilitating regular pitching platforms and investor engagement programmes to improve access to angel funding, equity financing, and debt instruments.

- The UT may strengthen seed funding, venture funding, or fund-of-funds mechanisms and place greater emphasis on enabling effective connections between startups and investors through UT-led initiatives and partnerships.

- The UT may intensify efforts to promote startup participation in public procurement by strengthening awareness and utilisation of existing relaxations and increasing opportunities for startups to receive work orders.

- The UT may strengthen initiatives aimed at facilitating and fast-tracking intellectual property rights processes, including patents, copyrights, and trademarks, for startups.

- The UT may enhance R&D support mechanisms for startups operating in identified priority sectors through targeted financial assistance and access to shared infrastructure.

- The UT may intensify its focus on promoting startups in sustainability and renewable energy by strengthening policies in areas such as circular economy and waste management.
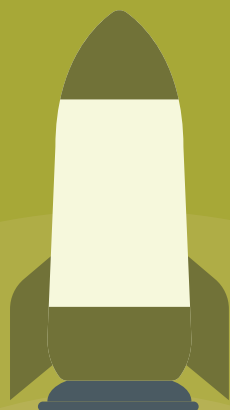
11. Annexures

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