5th Edition

States' Startup Ecosystem Ranking

Madhya Pradesh
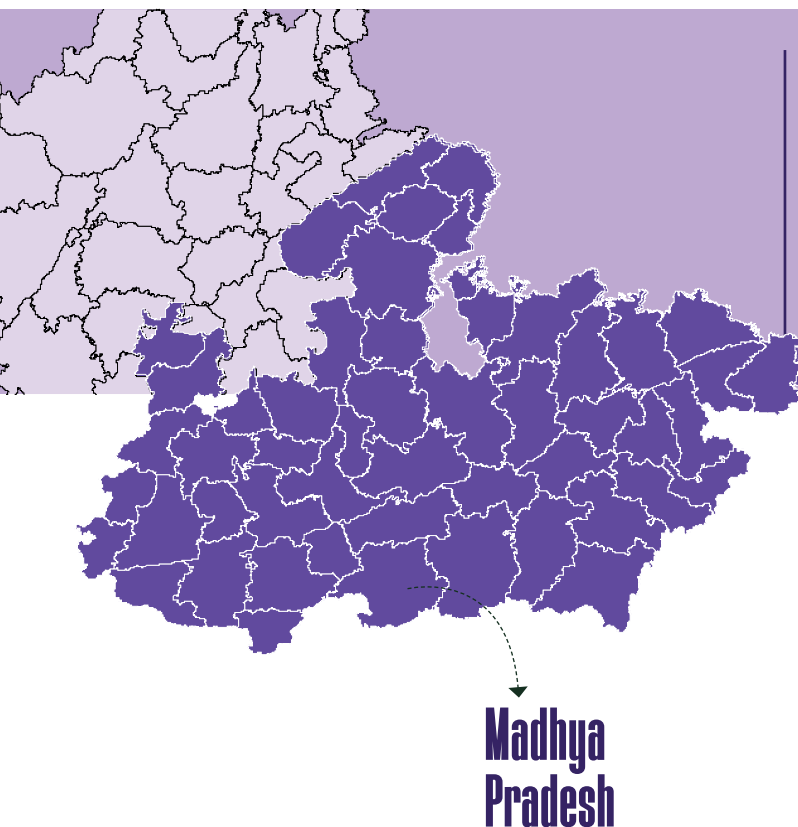
Leader

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1. About the State

Madhya Pradesh, popularly known as "The Heart of India", is the second-largest state in the country with an area of 3,08,000 sq. km.

Madhya Pradesh

Madhya Pradesh, popularly known as "The Heart of India", is the second-largest state in the country with an area of 3,08,000 sq. km. With a population of 7.27 Cr. and an urbanization rate of 27.63%, Madhya Pradesh has witnessed significant economic growth, with its Gross State Domestic Product (GSDP) rising from INR 3.15 Lakh Crore in 2011–12 to INR 15.03 Lakh Crore in 2024–25, registering a CAGR of 12.76%.

The state has attracted FDI inflows of USD 59.61 Mn and has recorded exports worth USD 7.82 Bn in 2024–25, reinforcing its role as a leading economic hub.

Department of Micro Small and Medium Enterprises, Government of Madhya Pradesh, is the nodal agency for implementing the Madhya Pradesh Startup Policy 2022. The department has identified focus areas imperative for growth of a holistic start-up ecosystem with a special focus on product-based start-ups. Its objective is to give the start-up movement in the country and to fulfil the objectives of Aatma Nirbhar Bharat Abhiyan and Atma Nirbhar Madhya Pradesh Roadmap 2023.

2. State Startup Policies and Initiatives

2.1 State Startup Policies

The Madhya Pradesh Startup Policy 2022 aims to strengthen the startup ecosystem through strategic interventions and programs. It targets 100% growth in recognized startups, 200% growth in agriculture and food sector startups, expansion of product-based ventures and incubation centers and promotes innovation among students. The policy fosters a culture of solving economic and social challenges through startups, seeks a higher ranking in the State Startup Ranking Framework, and focuses on generating maximum employment for local youth through innovation and entrepreneurship. Below are some of the key incentives provided under the Policy:

01 Assistance on investment received:

For a Startup that has obtained funding or investments from a financial institution acknowledged by SEBI or RBI, support is provided at the rate of 15%, capped at INR 15 Lakh, based on the initial investment received.

Additionally, INR 5 Lakh assistance is given to incubators located in Madhya Pradesh.

02 Startups founded by Women or Scheduled Caste/Tribe:

These entrepreneurs will receive assistance at 18% of the total funding or investment, subject to a maximum of INR 18 Lakh per stage and an overall limit of INR 72 Lakhs across four phases.

03 Event Organizing Assistance:

Assistance of INR 5 Lakhs per event to incubators located in Madhya Pradesh for organizing events related to start-ups not exceeding INR 20 Lakhs per annum.

04 Incubation Upgradation Assistance:

One-time assistance of INR 5 Lakhs is provided for the enhancement of Incubators; however, to qualify for this support, each Incubator must increase its current seating capacity by an additional 20%.

05 Lease Rental Assistance:

50% up to a maximum of INR 5000/- per month lease rental assistance for three years, on the rent paid per month for the workspace taken on lease by the startups.

06 Patent Assistance:

Assistance up to INR 5 Lakh for obtaining a patent subject to the condition that the patent is obtained for a start-up established in the state.

07 Assistance for Participation in Events:

Madhya Pradesh startups can claim 75% reimbursement for event participation up to INR 50,000 for domestic and INR 1,50,000 for international events limited to one event per financial year and two events in total.

2.2 Key Initiatives Driving Growth

The Government of Madhya Pradesh has undertaken several initiatives to nurture seeds of entrepreneurship in the state, including:

- **Establishment of Madhya Pradesh Startup Centre:**
The establishment of a startup centre, supported by subject matter experts and under the auspices of the Madhya Pradesh Laghu Udyog Nigam (MPLUN), aims to facilitate and offer essential support to start-ups within the state, including facilitating numerous opportunities for engagement in both global and local markets, events and workshops.

- **Academic Support & Participation:**
To promote Startup/Startups, particularly those focused on product development and innovations within the state, and to offer essential technical and advisory assistance, these ventures receive requisite support and engagement from both national and state-level technical and management institutions, as well as other academic organizations.

- **Marketing & Liquidity Support/Assistance:**
The startup enterprises participating in government tenders up to INR 1 Cr are exempt from the experience and turnover conditions/parameter. For government tenders exceeding INR 1 crore, the relevant department may choose to procure services/products separately from startups if it considers it appropriate.
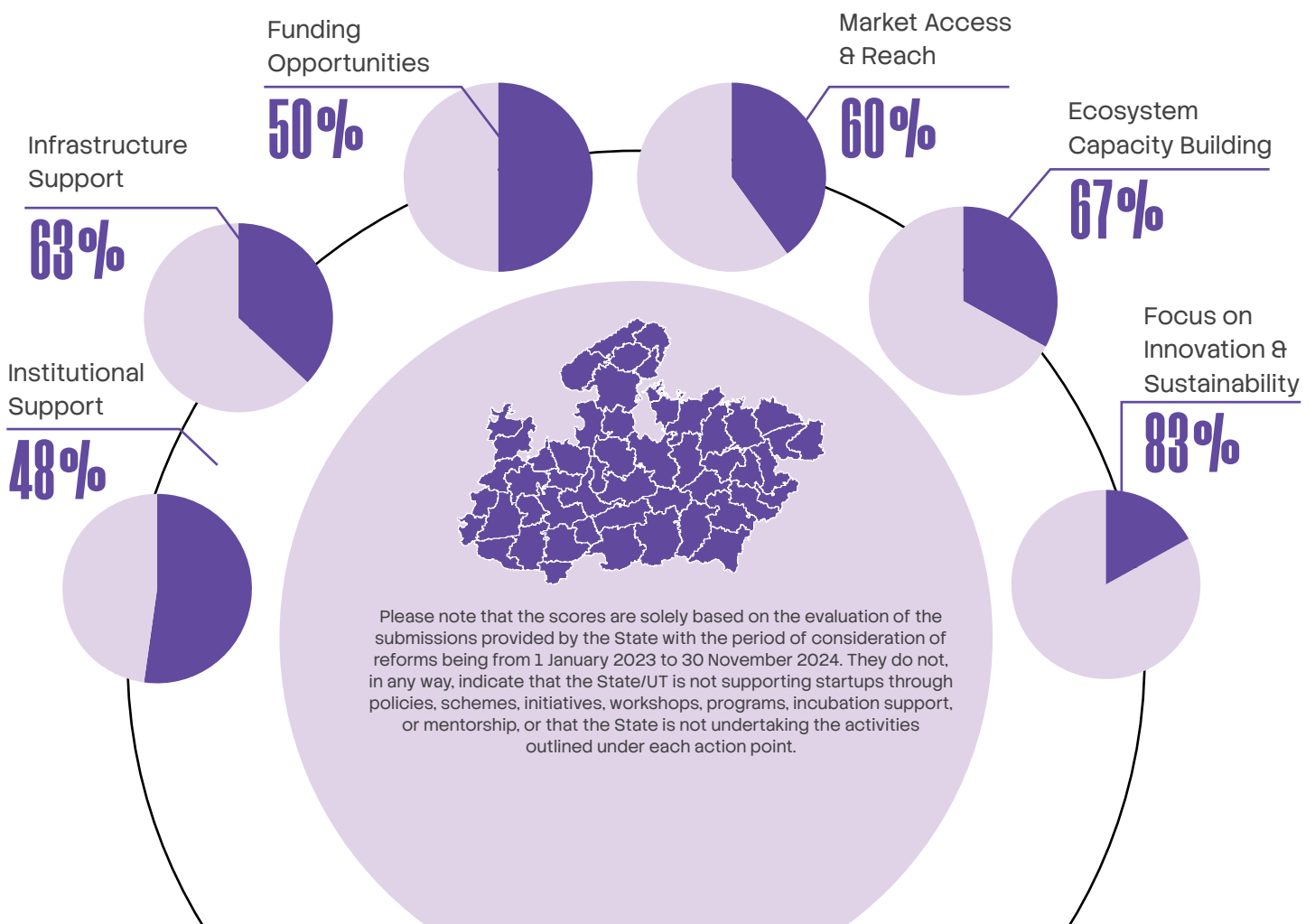

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3. States' Startup Ecosystem Ranking Results

Madhya Pradesh participated in all 6 Reform Areas and 19 Action Points of the 5th edition of States Startup Ecosystem 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 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.

Overall, 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 Madhya Pradesh

Funding Opportunities
50%

Market Access & Reach
60%

Infrastructure Support
63%

Ecosystem Capacity Building
67%

Focus on Innovation & Sustainability
83%

Institutional Support
48%

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:
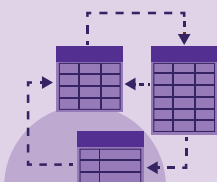Entrepreneurial Growth in the Social Innovation Landscape

Action Point 6:
Mentorship Support Provided to Startups

4.2 Performance

1500+
Startups supported in priority sectors

100+ Women led Startups

25+ Support structures, schemes or programs provided in educational institutions to support student entrepreneurs

5+ Mentors providing mentorship support to Startups

Institutional support provided to Startups

The State has put in place an institutional framework to support startups through The Madhya Pradesh Startup Policy and Implementation Scheme 2022. Several incentives have been extended under this policy, including financial incentives to startups and incubators support, assistance for participation in events, training expenditure reimbursement, patent assistance, lease rental assistance among others.

The Department of Micro, Small and Medium Enterprises acts as the nodal department for supporting all startups within the state. Madhya The State also has a nodal officer and a dedicated team responsible for startup promotion and facilitation in the State.

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 Agriculture & Food Processing sector, Circular economy, Quantum technology, Tourism, new energy technologies among others.

Figure 2: List of Priority Sectors

- Agriculture & Food Processing & Technology
- Animation, Visuals, Graphics, Extended Reality, and Gaming
- Biotech & Life Sciences
- Bioprinting, Organoids, Genetic Engineering, Human Augmentation, Biodynamics and Brain-Computer Interface (BCI)
- Circular Economy Based
- DeepTech
- Mobility
- New Energy Technologies
- Quantum Technology
- Tourism

To promote startups operating within the identified priority sectors, the State extended marketing and liquidity assistance, financial assistance and support for product-based start-ups among others. Further, as per the documentary evidence submitted, **1500+ unique startups have been supported across the identified priority sectors.**

Women Entrepreneurial Development

Dedicated incentives and support mechanisms for women-led startups have been introduced through Schemes / initiatives such as:

*   Madhya Pradesh Startup Policy and Implementation Scheme 2022 (Amended as of February 2024):
    Startups established by women or entrepreneurs from Scheduled Castes/ Tribes are eligible for financial assistance of up to 18% of the total funding/investment received, subject to a maximum of INR 18 lakhs per phase and an overall cap of INR 72 lakhs across four phases.

*   Madhya Pradesh MSME Development Policy, 2021 (Amended as of September 2023): Provides an additional Industrial Development Subsidy of 2% per year for four years to units set up by women or SC/ ST entrepreneurs.

As per the documentary evidence submitted, the **State has supported 100+ unique women-led startups across 19 districts** during the evaluation period.

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For the Growth of Young Entrepreneurs

Several initiatives have been undertaken for the growth of young entrepreneurs in the State. One such initiative is the Startup Bootcamp in Bhopal undertaken in Education Institutions to support student entrepreneurs.

Boot-Camps for Awareness of Startup & Entrepreneurship (BASE), organized by MP Startup Center, was a two-day program at Higher Education Institutions in the State to promote entrepreneurship as a career option. The camps built entrepreneurial skills, covered government schemes, legal and project requirements, market research, and business model development, while fostering innovation through interactions with successful entrepreneurs.

Overall, during the evaluation period, the State implemented **25+ 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, **5+ 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

900+
Startups registered on the State Startup portal

70+ unique startups received incubation/ acceleration support.

5+
New Manufacturing Incubators Setup

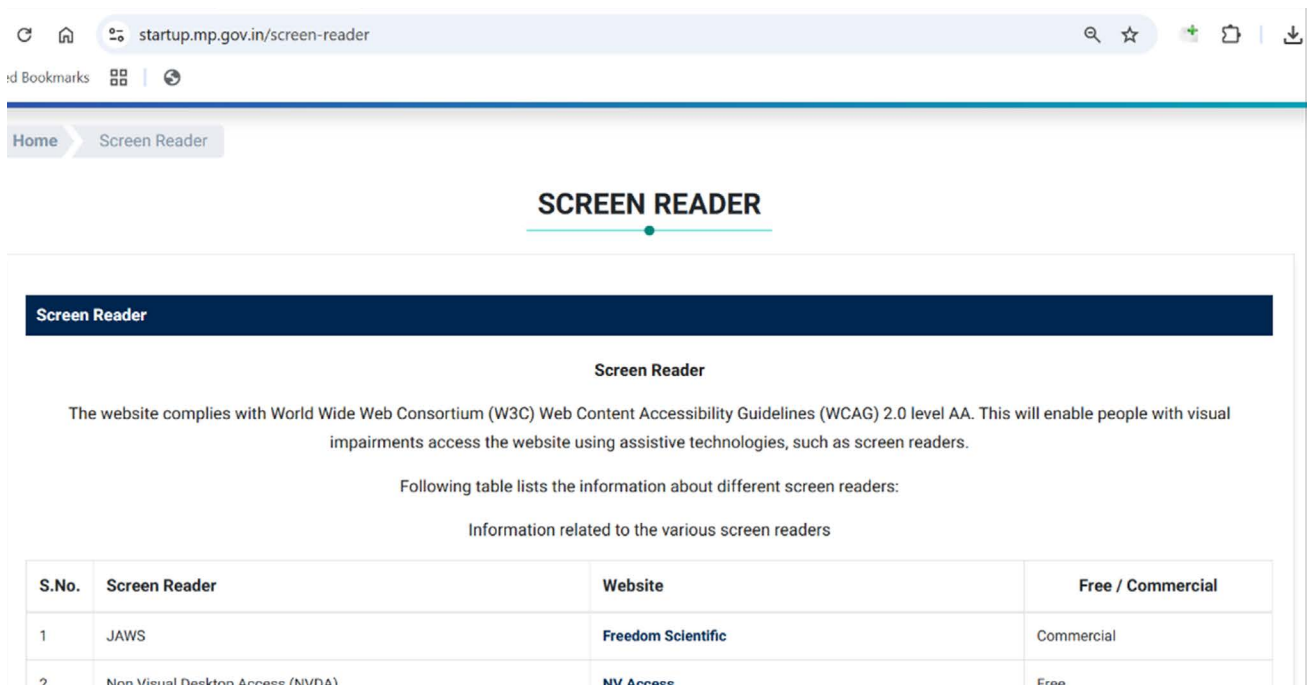**3+**
Existing incubators that have been upgraded

Access to Digital 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, **900+ startups are registered on the State Startup Portal.**

The State has ensured that key service delivery features are available through the digital platform, including a fully online application process for incentives under the State Startup Policy and a grievance redressal mechanism for startups to submit queries or complaints. The portal is accessible in the local or official language of the State and has provisions to support accessibility for persons with disabilities. Furthermore, features such as screen reader compatibility, and alternative text for images have been integrated to ensure PwD can fully access and utilize all services

Figure 3: Screen-reader options under Madhya Pradesh Startup Portal

Access to Physical Infrastructure

The State has strengthened physical infrastructure support for startups, particularly those engaged in manufacturing and hardware sectors, through the establishment and upgradation of incubators and acceleration facilities.

During the evaluation period, the State has set up **5+ new manufacturing incubators**, including 'Acropolis; AIIH foundation', 'AIC PI Hub, Incubation Centre-RRCAT', 'GWP Bhopal Incubation Foundation' among others, while **3+ existing incubators were upgraded** which include Indian Institute of Technology (IIT) - ACE Foundation, Aahuti Incubation Centre and IITI-Advanced Centre for Entrepreneurship Foundation.

As per the documentary evidence submitted, **70+ 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 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:
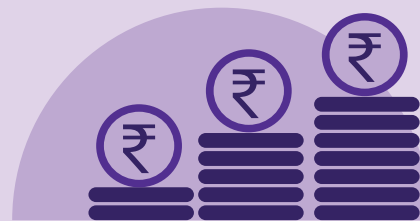Number of Startups which have Received Funding through State Supported Funds or Mechanisms

Action Point 11:
State Support in Fundraising Initiatives

6.2 Performance

60+ Startups received funding from the State

15+ State-led programs featuring pitching sessions

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Access to Funding

In relation to direct funding instruments, the State has initiated collaborative funding provisions for startups in partnership with banking and financial institutions such as SIDBI and HDFC Bank.

HDFC Bank's SmartUp initiative, anchored in its MoU with MSME Department, Government of Madhya Pradesh provides tailored banking solutions, incubation support, and market access, enabling startups to connect with a wide customer base and grow sustainably.

The State has **provided funding support to 60+ Startups** during the period of consideration.

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 **15+ state-led programs featuring pitching session for Startups backed by MP Startup Centre.**

One of the major events organized by the state was The Angel Investors Masterclass, organized by Incubation Masters, aimed to mobilize High Net-Worth Individuals (HNIs)W to consider startups as a viable investment option. Eminent speakers shared insights on global investment trends, India's startup ecosystem, and strategies for angel investing. The event strengthened investor awareness and confidence, fostering a robust angel investor network in the state and creating new funding opportunities for startups through equity, debt, and angel investments.

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:
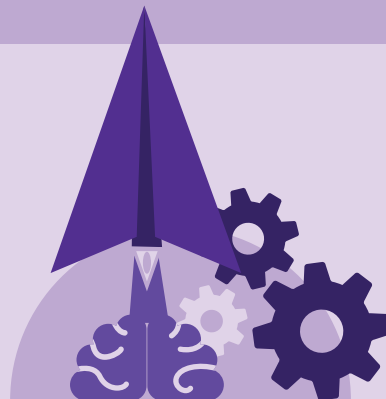Number of Startups Awarded Purchase Orders or Work Orders

Action Point 14:
Access to Domestic and International Market Access Opportunities

7.2 Performance

40+
Unique market access opportunities

Market Access Opportunity Provided to Startups through Public Procurement

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.

As per the documentary evidence submitted, various Departments such as Department of Heavy Industry, Madhya Pradesh Public Health Services Corporation Limited, Indore Smart City Development Ltd, among others floated such tenders during the period of consideration.

Number of Startups Awarded Purchase Orders or Work Orders

The State has also enabled tangible market access for startups by awarding purchase orders or work orders through State government departments, agencies, and public sector undertakings. The awarded work orders or purchase orders span multiple sectors and departments such as Office of Municipal Council Bareilly, Madhya Pradesh Paschim Kshetra Vidyut Vitran Company Ltd., Office of Executive Engineer Public Health Engineering Department, Technical Education and Manpower Planning Department, Indore Smart City Development among others.

Access to Domestic and International Market Access Opportunities

During the evaluation period, the State **implemented 40+ market access initiatives,** including Startup Global Investors Summit in Indore, Entrepreneurial Valley 2023, Rewa Startup Conclave 2023, Startup Clinic: Workshop on Global Market Access, MSME Conclave in Indore, among others. These initiatives were designed to improve visibility, customer acquisition, and business expansion opportunities for startups.

IITI ACE Foundation, in collaboration with MP Startup Centre, hosted 'Entrepreneurial Valley' in 2023 at IIT Indore, featuring a Startup Expo, pitching competitions, and entrepreneurial talks. **The event showcased 34 startups, facilitated investor-led sessions and a panel discussion, and attracted over 2,000 attendees.** By offering exposure, networking, and fundraising insights, the initiative strengthened Madhya Pradesh's startup ecosystem through innovation and collaboration.

As per the documentary evidence submitted, these initiatives have **benefitted startups across 8+ districts within the State.**

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.
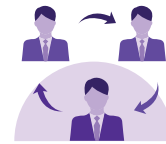
It covers 3 action points:

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:
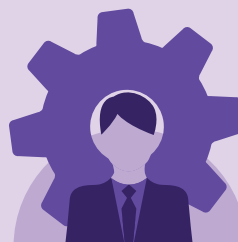Number of Programs Conducted to Sensitize Ecosystem Enablers

8.2 Performance

35+ Unique State-sponsored incubators trained

70+ Workshops/ programs conducted

Capacity Building of Officials of State Government Departments on Startup Ecosystem of India

During the evaluation period, sensitization workshops 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 State departments such as Labor Department, MP State Civil Supplies Corporation, Warehousing & Logistics Corporation, Ayush Department, Animal Husbandry & Dairy Department, Revenue Department among others participated in these sensitization programs.

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, **35+ State-supported incubators have participated in capacity development workshops** during the evaluation period.

Number of Programs Conducted to Sensitize Ecosystem Enablers

The State has conducted targeted programs to sensitize existing and potential ecosystem enablers, including knowledge-based sessions, masterclasses & one-on-one interactions to facilitate investor to investor connects as well as themes covering basics of angel Investment among others.

As per the documentary evidence submitted, the State has conducted / supported 70+ programs during the evaluation period.

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

9.2 Performance

50+ Startups focused on renewable energy, climate change, and sustainability

Facilitating Research and Innovation in the State

Under the MSME Policy, 2021, the State Government includes provisions to promote innovation and safeguard intellectual property, wherein MSME units are eligible for 100% reimbursement of expenses incurred on patents and Intellectual Property Rights (IPR) registration up to INR 5 lakhs.

The State has the special provisions for facilitating and fast-tracking Intellectual Property Rights (IPR). For instance, the State Government includes provisions to promote innovation and safeguard intellectual property, wherein MSME units are eligible for 100% reimbursement of expenses incurred on patents and Intellectual Property Rights (IPR) registration up to INR 5 lakhs.

Support to Startups for a Sustainable Future

As per the documentary evidence submitted, the State has supported **50+ startups working in areas such as renewable energy, climate resilience, climate technology, resource efficiency, waste management, and other sustainability-focused solutions.**

10. Way Ahead

- The state may actively support startups operating in the public welfare domain, recognizing their potential to create positive and lasting societal impact. It may introduce dedicated schemes for this domain and ensure that the criteria for identifying and supporting such startups are clearly defined and publicly accessible.

- The state may establish Seed Funds, Venture Funds, or Funds of Funds to support startups. Additionally, the state may allocate resources within funds created or supported to prioritize startups operating in designated priority sectors.

- The State/UT may conduct awareness programs, workshops, or capacity-building sessions to sensitise startups about the relaxations available to them under public procurement norms.

- The State may support startups engaged in research and development activities, recognizing their role in fostering innovation, technological advancement, and economic growth. It may introduce dedicated schemes or incentive mechanisms to support R&D-led startups, including grants, innovation challenges.

- The State may prioritize startups operating in the areas of circular economy, renewable energy, and clean technologies, acknowledging their potential to contribute to sustainable development and climate resilience. It may introduce a dedicated policy framework or sector-specific provisions within existing startup policies to support such enterprises
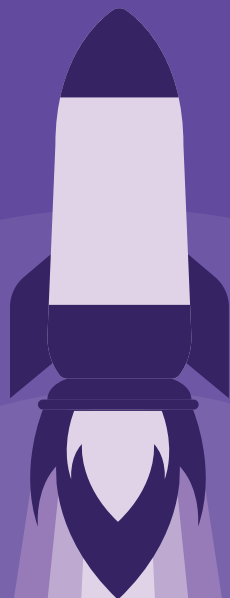
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