5ᵗʰ Edition

States' Startup Ecosystem Ranking

Puducherry

Emerging Startup Ecosystem
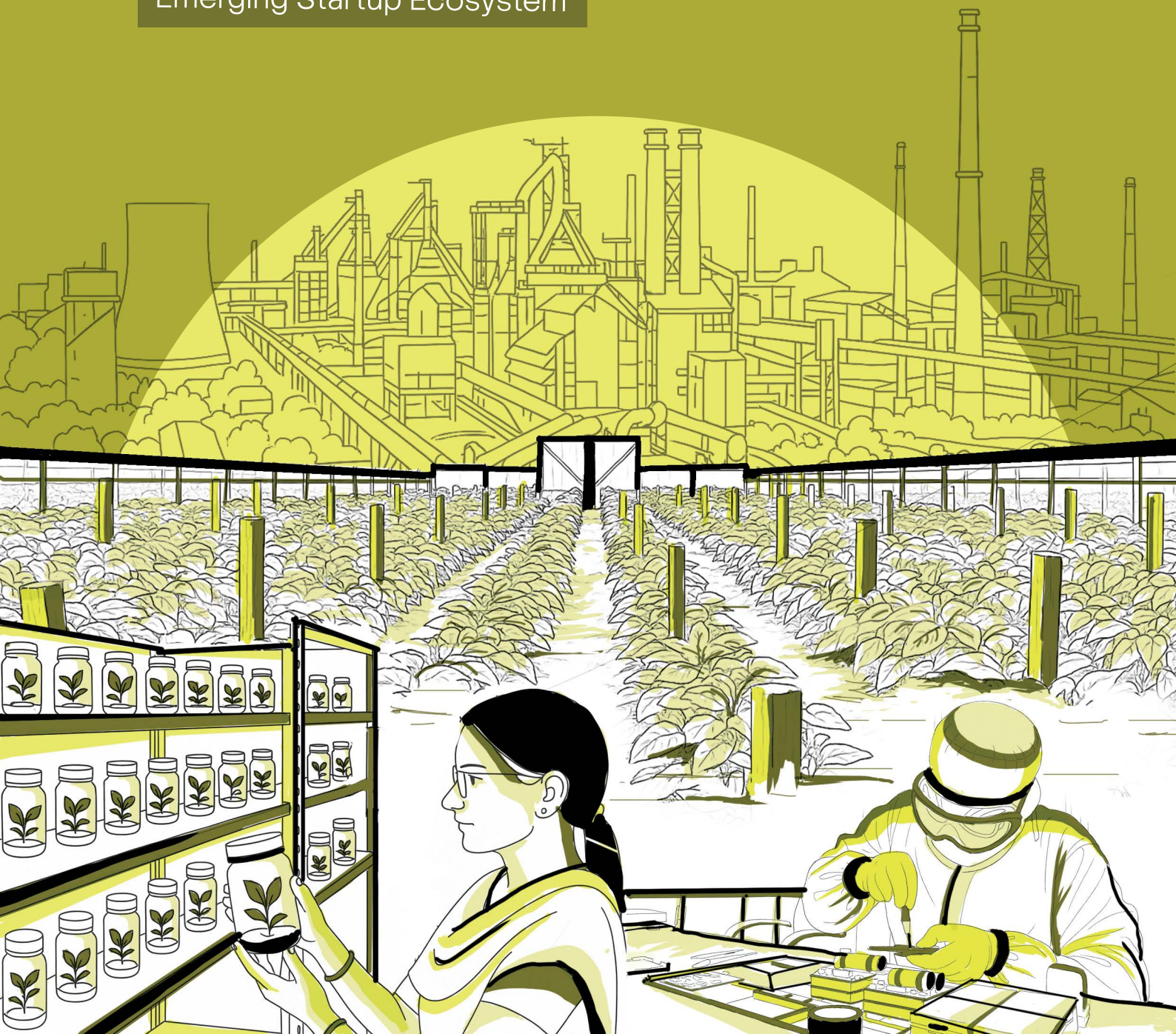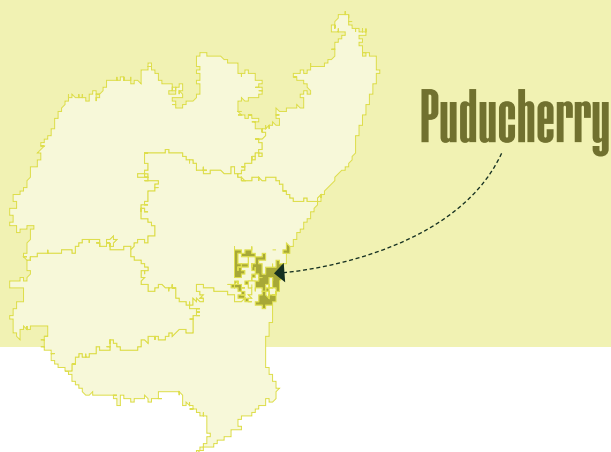
Table of Contents

1. About the UT

Puducherry

Puducherry, a picturesque Union Territory on India's southeastern coast, is renowned for its distinctive blend of French heritage, coastal charm, and a vibrant tourism-driven economy.

Puducherry, a picturesque Union Territory on India's southeastern coast, is renowned for its distinctive blend of French heritage, coastal charm, and a vibrant tourism-driven economy. Spanning an area of 479 sq. km along the Coromandel Coast, it is blessed with scenic beaches and a strategic maritime location, serving as a natural gateway for trade and cultural exchange.

Puducherry, with a population of around 12.48 Lakh as per the 2011 Census, boasts a literacy rate of 85.8%2, reflecting its strong focus on education. The UT has demonstrated steady economic progress, with its Gross State Domestic Product (GSDP) valued at INR 0.5 Lakh Crore (current prices) in 2024–252, growing at a CAGR of 9.1%2 since 2013–14. Puducherry's economic structure is driven by tourism, services, and manufacturing, particularly in pharmaceuticals, textiles, and electronics, supported by its coastal connectivity and policy-driven industrial growth. In 2024-25, the UT recorded exports worth USD 520 Mn , underscoring its expanding industrial base and growing emphasis on innovation and entrepreneurial development.

To strengthen its innovation and entrepreneurship landscape, Puducherry has been actively supporting startups through the Department of Industries and Commerce, which serves as the nodal department for implementing various initiatives related to startup development. The government focuses on facilitating incubation support, promoting digital infrastructure, and encouraging sectoral growth in areas such as IT, tourism, and sustainable manufacturing.

2. UT Startup Policies and Incentives

2.1 UT Startup Policies

The Aspiring Puducherry Innovation and Startup Policy 2019 , which continues to remain in force beyond its initial period of 2019–2024, aims to build a robust ecosystem that nurtures innovation, encourages entrepreneurship, and creates employment opportunities in the Union Territory. Implemented by the Department of Industries and Commerce, this policy focuses on developing a supportive infrastructure for startups through incubation centres, Atal Tinkering Labs, and Atal Innovation Missions.

Below are some of the key incentives offered under this policy:

● **Financial Support to Startups:**
A Puducherry Startup Fund with a corpus of INR 10 Cr has been established to promote incubators and coworking spaces. Startups recommended by recognized incubators can receive a financial grant of up to INR 3 Lakh as seed support.

● **Monthly Allowance for Entrepreneurs:**
To support founders during the initial development stage, the government provides a monthly allowance of INR 10,000 per person, up to five team members. Startups led by women, Scheduled Castes (SC), Physically Handicapped (PH) or transgender founders receive an enhanced allowance of INR 15,000 per month, ensuring inclusivity and equal opportunity in entrepreneurship.

● **Marketing Assistance:**
Recognized startups at the Minimum Viable Product (MVP) stage can avail marketing assistance for promotional activities, media outreach, and participation in national or international exhibitions.

©Shutterstock

Student Startup Support:
Students developing startup ideas receive 5% academic credit and 20% attendance per semester, encouraging youth participation in entrepreneurship.

Intellectual Property Support:
The Puducherry Startup Cell facilitates fast-tracking of patent, trademark, and design filings for recognized startups. It also provides advisory and awareness sessions to help innovators protect their intellectual property.

Non-fiscal incentives:
Include free access to Enterprise Resource Planning (ERP) software, cloud servers, and government/university laboratories, enabling efficient business operations and research collaboration.

Public Procurement Preference:
The policy introduces procurement relaxations for startups by exempting them from criteria like prior experience and turnover requirements while maintaining quality standards.

Startups are also eligible for all fiscal incentives under the Industrial Policy 2016, along with additional support from central and Puducherry government schemes.

2.2 Key Initiatives Driving Growth

Academic Incubation at Pondicherry University:
Pondicherry University houses the Atal Community Innovation Centre – Step-up Hub (ACIC-PUSH), a not-for-profit incubation entity that helps students, faculty, and alumni convert research and ideas into startups.

Collaboration with Invest India via State Connect Series:
Through the State Connect Series, Invest India has engaged with Puducherry's Department of Industries to facilitate investment promotion, strengthen international partnerships (including with France), and support female entrepreneurship.
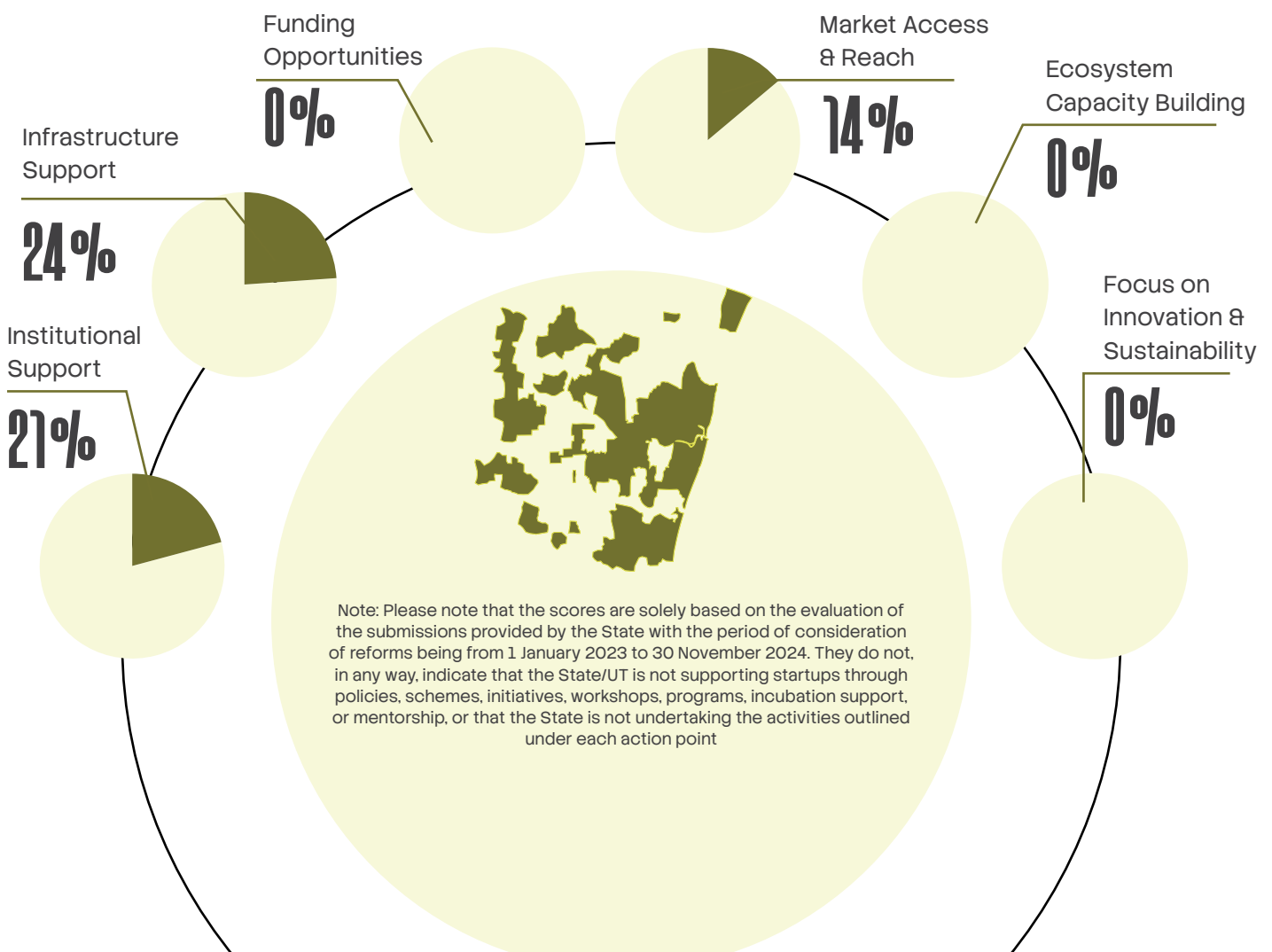
©Shutterstock

3. UTs' Startup Ecosystem Ranking Results

Puducherry participated in 5 Reform Areas and 12 Action Points under the 5th edition of States' Startup Ecosystem Ranking, and has been positioned as an '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 States/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 Category B States/UTs in that reform area.

The UT has been evaluated on Reform Areas that have a significant contribution towards propelling the startup ecosystem in the UT. 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 Puducherry

Funding Opportunities
0%

Market Access & Reach
14%

Ecosystem Capacity Building
0%

Infrastructure Support
24%

Focus on Innovation & Sustainability
0%

Institutional Support
21%

Note: 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/UT governments to foster startup ecosystems. It evaluates whether State/UT 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

18+ Support structures schemes and initiatives provided in educational institutions to support student entrepreneurs

3+ Mentors providing mentorship support to Startups

Institutional support provided to Startups:

The UT has put in place an institutional framework to support startups through its Startup Policy 'Aspiring Puducherry-Innovation and Startup Policy, 2019' The UT also has a dedicated nodal department, Department of Industries and Commerce, responsible for startup promotion and facilitation.

Development with a Futuristic and Disruptive Focus:

The UT has identified priority sectors to guide the development of a futuristic and innovation-driven startup ecosystem. These priority sectors include Electronic, IT and knowledge-based industries, Energy efficient and eco-friendly industries, low water intensive industries among others.

Growth of Young Entrepreneurs

The UT has implemented structured interventions including entrepreneurial skill trainings and awareness programs to encourage entrepreneurship among students and young innovators through educational institutions. These include 'Puduvai-Startup Sprint' at Mothilal Nehru Govt Polytechnic College and Sri Venkateshwara College of Engineering & Technology, 'AIC PECF: Pre incubation program', 'Puducherry Startup Expo', 'VISIO-2023 – a 2 day Technical Hackathon' at Atal Incubation Centre-PEC Foundation, Puducherry Technological University, among others.

Overall, during the evaluation period, Puducherry implemented **18+ such comprehensive support structures / schemes / programs** aimed at supporting student entrepreneurs.

Figure 2: Priority sectors recognised by Industries and Commerce Department of Government of Puducheery

Industries & Commerce Department
Government of Puducherry (India)

தொழில் மற்றும் வணிகத் துறை
புதுச்சேரி அரசு (இந்தியா)

Priority Sector and Thrust Areas

Priority Sector
Electronic, IT and knowledge based industries
Energy efficient and eco – friendly industries
Low water intensive industries
Employment oriented industries
Industries which can sustain on local resources

Figure 3: Startup Sprint organised by UT
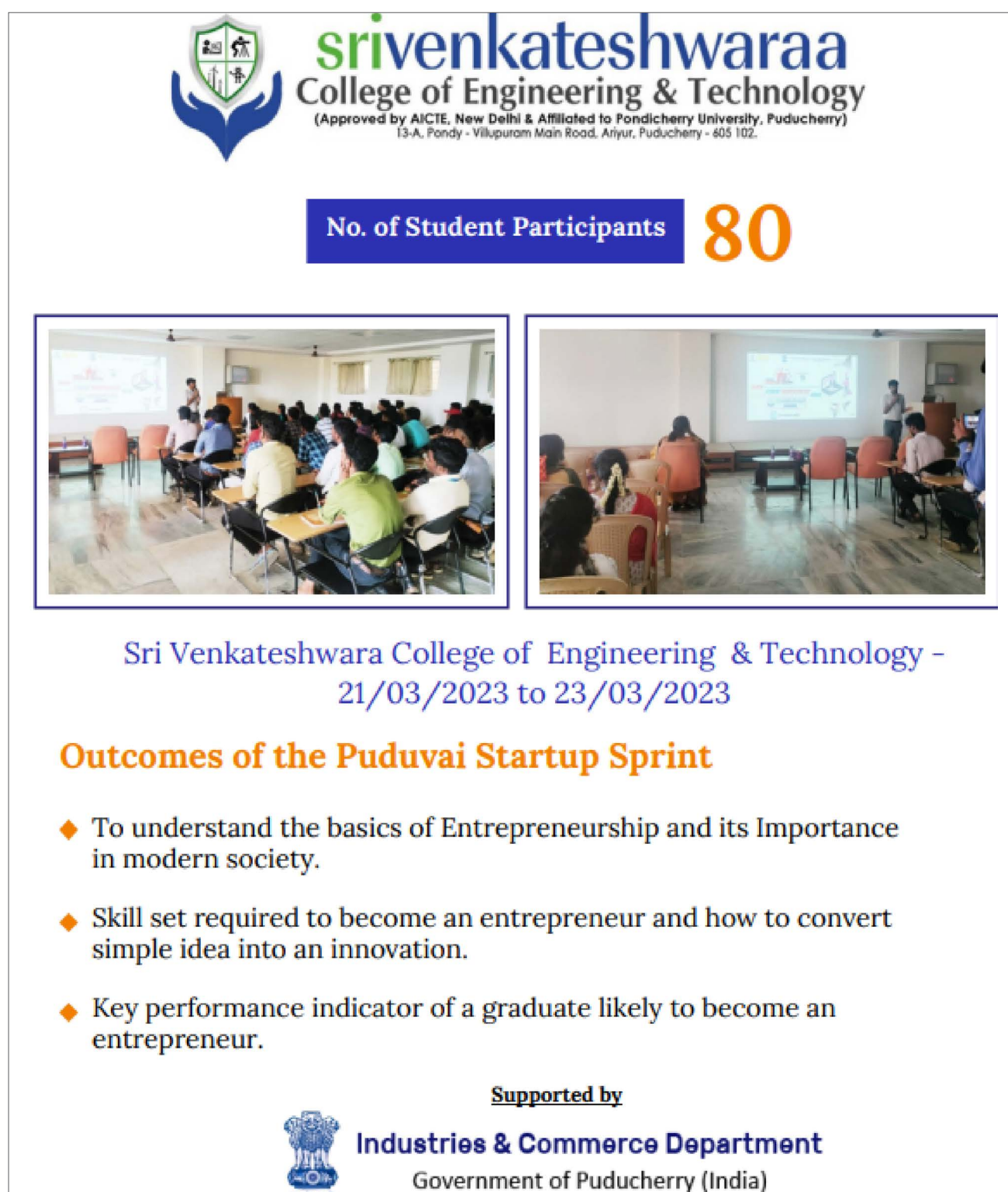
Mentorship Support Provided to Startups

The UT has facilitated structured mentorship support for startups as part of its ecosystem development initiatives. As per the documentary evidence provided, **3+ mentors have been engaged to provide mentorship support to startups** within Puducherry 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 State/UT to startups. Digital infrastructure includes State/UT startup portals with features like online registration, grievance redressal, and accessibility in local languages and for people 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

35+ **Startups provided incubation Support**

Access to Physical Infrastructure

As per the documentary evidence submitted, **35+ unique startup have received incubation or** **acceleration support at Atal Incubation Centre - PEC Foundation (AIC-PECF)** during the period of consideration.

6. Reform Area 3 - Funding Opportunities

6.1 Introduction

Funding Opportunities examine the financial mechanisms established by State/UT 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

Access to Funding

To improve access to capital for startups, the UT is working towards establishing a Startup Seed Fund or investment mechanism, and has shared a related budget proposal.

UT has a Startup Fund with a corpus of INR 10 Cr established to promote incubators and coworking spaces. Startups can also receive a financial grant of up to INR 3 Lakh as a seed support.

UT Support in Fundraising Initiatives

The UT has been undertaking initiatives to facilitate fundraising for startups by enabling structured interactions with angels, investors, and financial institutions. For instance, multiple pitching sessions have been organized for Startup India Seed Fund Scheme by AIC-PECF Startup Investment Program.

Figure 4: Multiple pitching sessions organized for Startup India Seed Fund Scheme
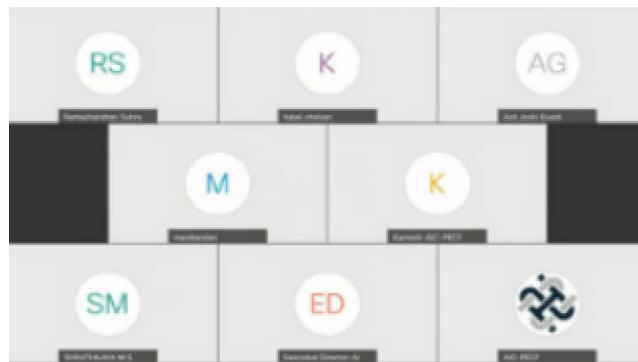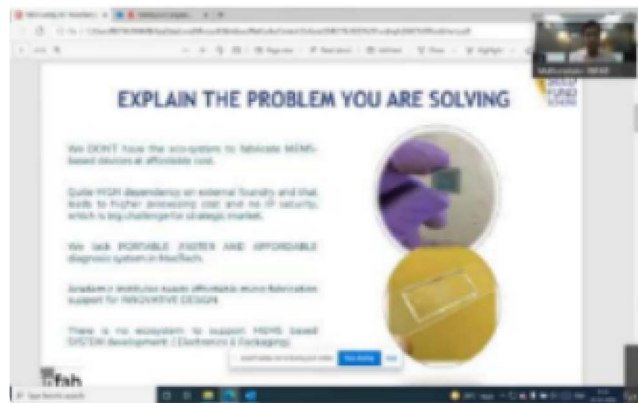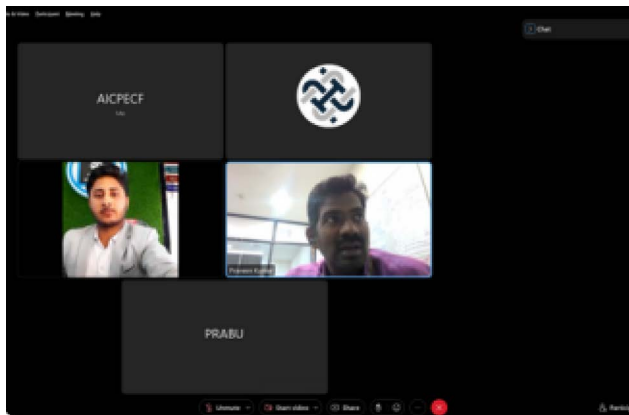
7. Reform Area 4 - Market Access & Reach

7.1 Introduction

Market Access & Reach focuses on how State/UT 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:
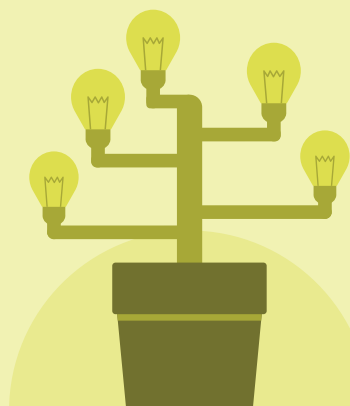Number of Startups Awarded Purchase Orders or Work Orders

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

7.2 Performance

1+ Schemes/ Initiatives in Priority Sectors

Access to Domestic and International Market Access Opportunities

The UT has undertaken structured initiatives to enable startups to access domestic and international markets through programs that are funded or executed end-to-end by the UT, as well as through facilitative partnerships with external agencies. For instance, one such initiative was 'Startup Thiruvizha 2024' at Madurai on 28/09/2024 & 29/09/2024.

Figure 5: Initiatives undertaken by the UT to provide domestic and international access opportunities to the Startups

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.
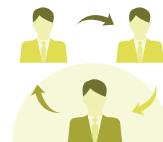
It covers 3 action points:

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

Capacity Building on Startup Ecosystem of India

The UT has undertaken sensitization workshops / programs to familiarize officials with startup-related policies, regulatory frameworks, and the role of government in enabling entrepreneurship. These include 'Puduvai Startup Sprint', 'Puducherry Startup Expo 2024', 'Fourth Edition of CII Puducherry Startup Summit' among others.

The UT has also conducted programs to sensitize existing and potential ecosystem enablers, designed to encourage greater engagement with startups at various stages of growth. These include 'Pon-Mitran App Launch', 'SPOC Orientation Session' at Christ College, 'Fourth Edition of CII Puducherry Startup Summit' among others.

9. Reform Area 6 - Focus on Innovation & Sustainability

9.1 Introduction

Focus on Innovation and Sustainability assess how State/UT 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

©Shutterstock

10. Way Ahead

- The UT may introduce a dedicated policy framework to support startups operating in the public welfare domain, with clear objectives and implementation mechanisms.

- The UT may establish an effective query and grievance redressal system with defined turnaround timelines to improve responsiveness and accountability.

- The UT may organise regular interaction sessions between students, successful entrepreneurs, and industry experts to provide early exposure to real-world startup challenges and opportunities.

- The UT may expand opportunities for startups by strengthening procurement relaxations and enabling wider participation in government tenders and contracts.

- The UT may conduct regular sensitisation programmes for government officials to strengthen awareness of India's startup ecosystem and enable more innovation-oriented policy support within the UT.

- The UT may intensify its focus on promoting startups in sustainability and renewable energy by strengthening policies in areas such as such as handloom, textiles, agriculture and allied activites.

- The UT may strengthen initiatives aimed at facilitating and fast-tracking intellectual property rights processes, including patents, copyrights, and trademarks, for startups. Further, the UT may enhance R&D support mechanisms for startups operating in identified priority sectors through targeted financial assistance and access to shared infrastructure.

11. Annexures

List of Figures

12. Bibliography

- RBI Handbook of Statistics on Indian States
  https://www.rbi.org.in/scripts/AnnualPublications.
  aspx?head=Handbook+of+Statistics+on+Indian+State

- Department for Promotion of Industry and Internal Trade (DPIIT) – FDI Statistics
  https://www.dpiit.gov.in/static/uploads/2025/12/aba2dd63d322d602edb4b2c2a0130b47.pdf

- Federation of Indian Export Organisations (FIEO)
  https://fieo.org/view_section.php?lang=0&id=0,2111,2883

- Startup India, States' Startup Ecosystem Ranking (5th Edition) Framework
  https://www.startupindia.gov.in/srf/portal/pdf/5th%20Edition%20of%20States%20Startup%20
  Ecosystem%20Ranking.pdf

- Government of Puducherry – Official "About" Page
  https://www.py.gov.in/about-puducherry

- Aspiring Puducherry – Innovation and Startup Policy 2019
  https://industry.py.gov.in/startup-policy-2019

- Industries and Commerce Department, Government of Puducherry
  https://industry.py.gov.in/startup-policy-2019

DPIIT
#startupindia
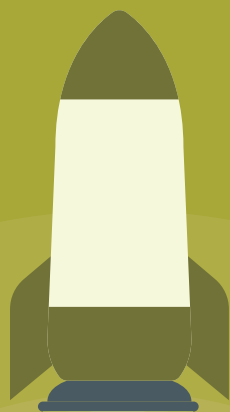
Contact Us
www.startupindia.gov.in
1800 115 565