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NATIONAL STARTUP DAY
Celebrating 10 years of Startup India
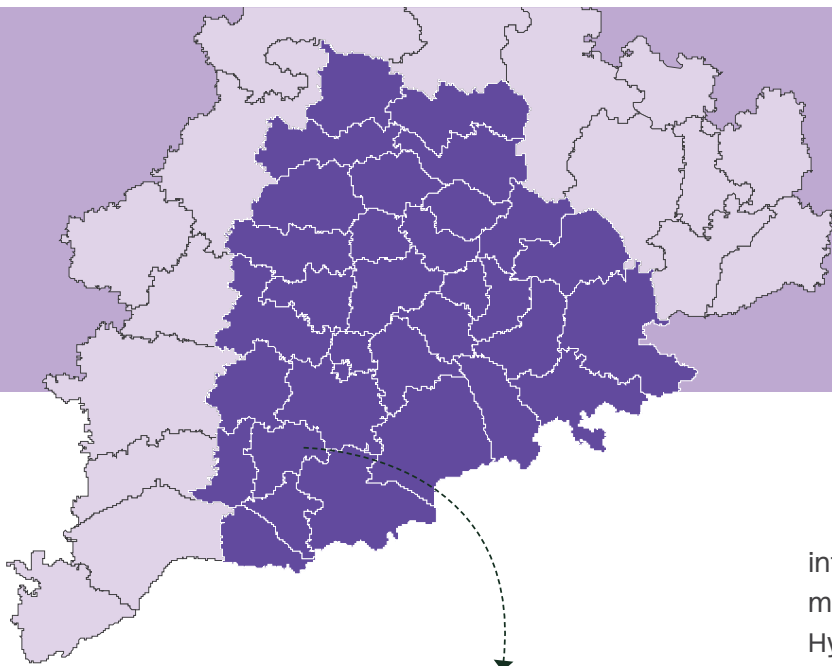
5th Edition
States' Startup Ecosystem Ranking
Telangana

Leader

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1. About the State

Telangana

Telangana, which became the 29th state of India, has steadily emerged as a hub for innovation under the aegis of its nodal agency Telangana State Information Technology, Electronics and Communications Department

Formed as the 29th State of India on 2nd June 2014, Telangana spans an area of 112,077 Sq. Km and has a population of 3.5 Cr (Census 2011). The State has emerged as one of India's fastest-growing economies, with Gross State Domestic Product (GSDP) increasing from INR 3.59 Lakh Cr in 2011-12 to INR 16.4 Lakh Cr in 2024-25, growing at a CAGR of 12.4%, The state recorded FDI inflow of USD 2.9 USD billion and exports of USD 19.1 billion in 2024-25,

The State's economy is characterised by a diverse sectoral composition, including

information technology, pharmaceuticals, manufacturing, textiles and agriculture. Hyderabad, the capital city, is recognised as a global hub for IT and software services, pharmaceutical companies and other multinational corporations.

The state also has a vibrant startup ecosystem. The Department of Information Technology, Electronics and Communications serves as the nodal department for startups in Telangana. The state is home to India's first government-led incubator for women entrepreneurs (WE Hub) and the country's largest prototyping center (T-Works). Through continuous policy support, data-driven governance, and innovation programs in collaboration with academic and industry partners, Telangana continues to strengthen its position as a national leader in innovation, technology, and entrepreneurship.

2.1 State Startup Policies

The Government of Telangana introduced the Telangana Innovation Policy to position the state as a global leader in innovation and entrepreneurship.

It centres on five core pillars:

- **Physical infrastructure & program management,** including creation of incubation hubs, workspaces (for instance, T Hub) and affordable hosting facilities for startups.

- **Funding models & capital-** establishment of a Fund-of-Funds, a T-Seed fund for early-stage startups and mechanisms to mobilise venture capital.

- **Human capital,** nurturing a culture of entrepreneurship in academia, offering student "entrepreneur in residence" programs, integrating startups into university curricula.

- **Engagement with industry,** forming an Innovation Council with industry, government and startup representatives; appointing a Chief Innovation Officer to drive state-wide innovation initiatives.

- **Rural and social enterprises,** promoting innovation in underserved regions through incubators, an Impact Fund, and positioning Telangana as a testbed for social enterprise.

Key incentives include:

01 For incubators:

Reimbursement of stamp duty, matching grants, rental support, and subsidies for facility-setup.

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2. State Startup Policies and Initiatives

02 For startups:

Reimbursement of service tax, VAT/CST subsidies, marketing cost support, patent filing cost reimbursement (domestic and foreign), recruitment assistance and turnover-growth linked grants.

03 Non-fiscal incentives:

Self-certification for certain labour and commercial laws, permission for three-shift operations with women workers, and supportive regulatory measures.

2.2 Key Initiatives Driving Growth

The State of Telangana is actively driving growth of its startup ecosystem through targeted operational initiatives that encompass funding, institutional support, procurement access, regulatory relief and capacity-building for ecosystem enablers.

Key initiatives include:

- **Funding & Incentives (T-Fund / T-Spark / TSIRI):**
  Through the "Funding & Incentives" scheme, startups can access reimbursement of SGST, international marketing costs, patent registration costs, recruitment assistance, and performance-linked grants. The T-Fund acts as a co-investment vehicle for early-stage companies, while T-Spark supports prototype development and go-to-market readiness. Additionally, the Telangana State Innovations with Rural Impact (TSIRI) scheme supports grassroots startups with prototype, pilot or seed grants.

- **Public Procurement Access for Startups:**
  The Government of Telangana has issued measures (GO Ms No. 08 dated 28 Apr 2018) that relax procurement norms for startups: no prior turnover or experience required, exemption from earnest money deposit (EMD), and a 15 % financial relief on quoted bids. These steps enable startups to sell directly into government demand.

- **Capacity-Building for Ecosystem Enablers:**
  Recognising the importance of intermediaries, the state conducts workshops and masterclasses for government officials, incubators and angel investors. These capacity-building efforts strengthen mentoring, governance and linkage support across the ecosystem.

- **Co-working & Incubation Infrastructure:**
  The state supports development of incubators and co-working spaces: for example, over 78 incubators/accelerators/co-working units operate across sectors like FinTech, Agri Tech and Lifesciences. This aids startups in accessing infrastructure and networks.

- **Women & Grass-roots Innovation Focus:**
  Telangana promotes inclusive innovation through programmes that empower women entrepreneurs and grassroots innovators, enabling access to mentoring, funding, startup resources and recognition in underserved regions.

- **Regulatory Ease & Self-Certification:**
  To reduce compliance burden, the state offers self-certification under multiple labour laws and an online self-certification portal. This regulatory relief allows eligible startups to operate under low-inspection risk categories and focus on growth.
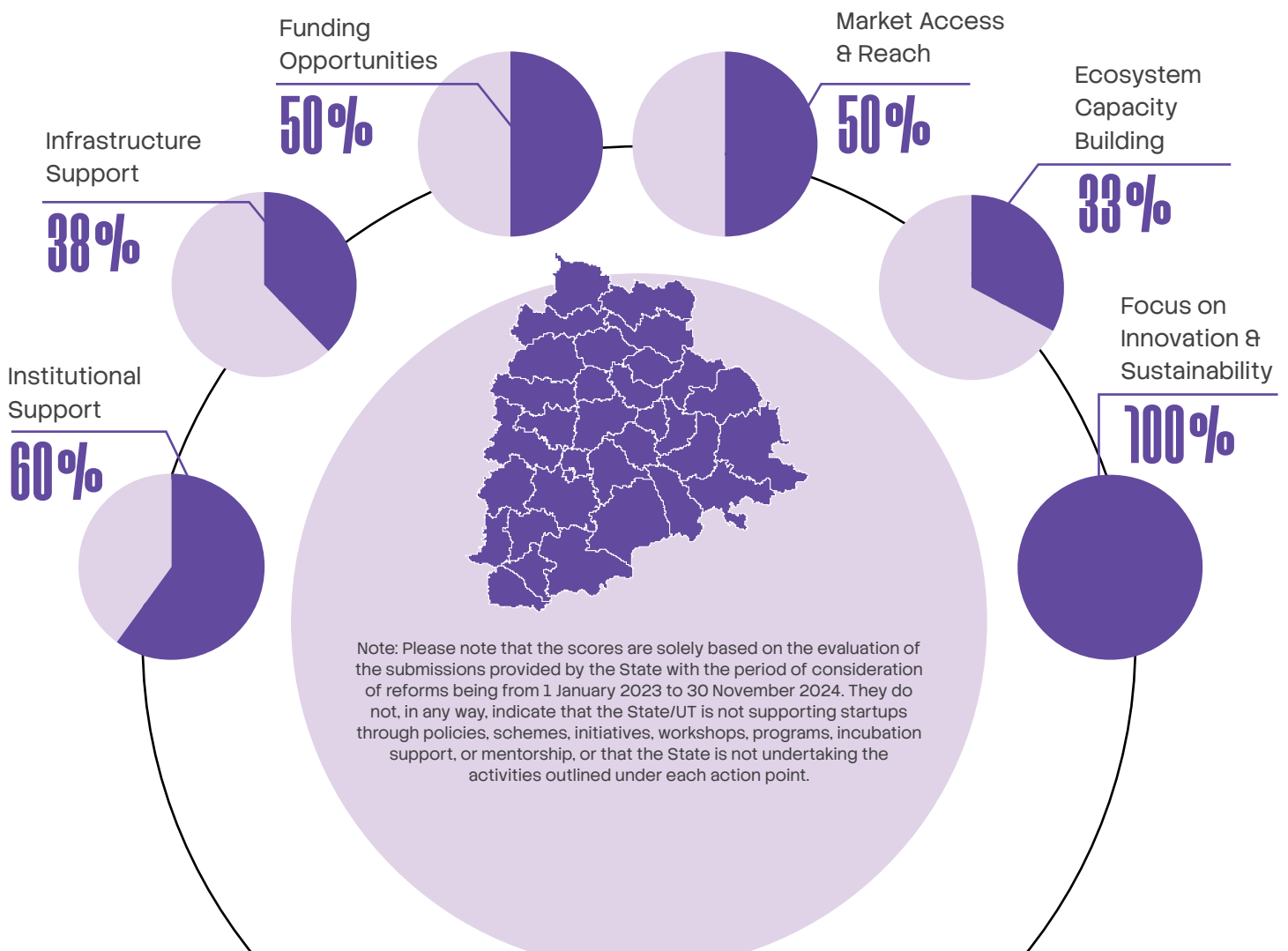
3. States' Startup Ecosystem Ranking Results

Telangana participated in all 6 Reform Areas and 19 Action Points of the 5th edition of 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 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, Telangana 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 Telangana

Funding Opportunities
50%

Market Access & Reach
50%

Ecosystem Capacity Building
33%

Infrastructure Support
38%

Institutional Support
60%

Focus on Innovation & Sustainability
100%

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 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:
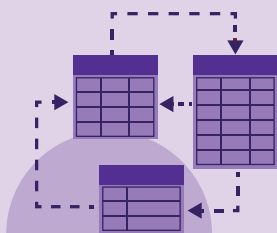Entrepreneurial Growth in the Social Innovation Landscape

Action Point 6:
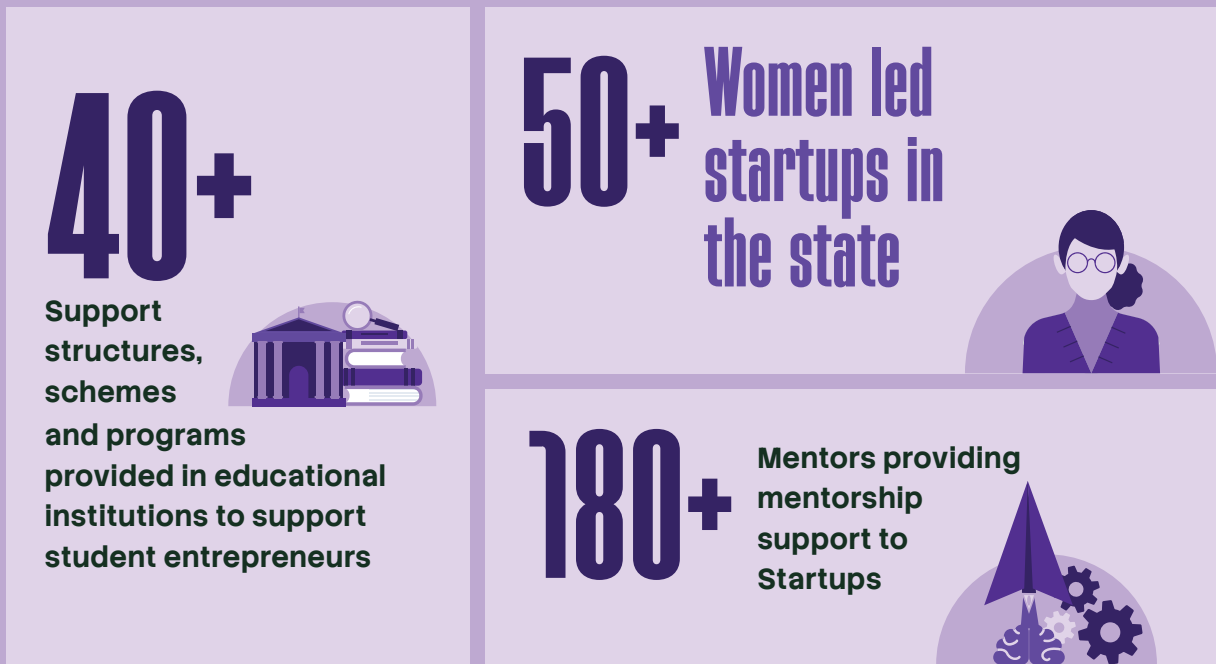Mentorship Support Provided to Startups

4.2 Performance

13+
Schemes and Initiatives in Priority Sector

30+
Startups supported in Priority Sectors

40+

Support structures, schemes and programs provided in educational institutions to support student entrepreneurs

50+ Women led startups in the state

180+ Mentors providing mentorship support to Startups

Institutional support provided to Startups

The State has put in place an institutional framework to support startups through its Telangana Innovation Policy with its nodal department being Telangana State Information Technology, Electronics and Communications Department (IT&C). Several incentives have been extended under this policy, including

reimbursement of Service Tax for Startups, reimbursement for patent filing costs, international marketing cost support, 100% reimbursement of paid stamp duty and registration fees, among others.

The State also has a dedicated nodal officer and a dedicated team responsible for startup promotion and facilitation.
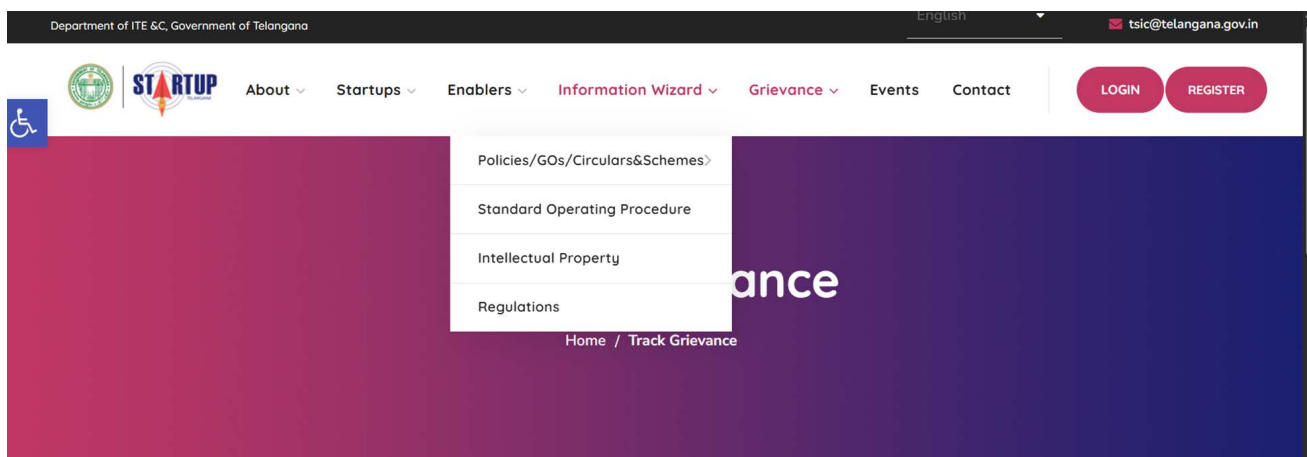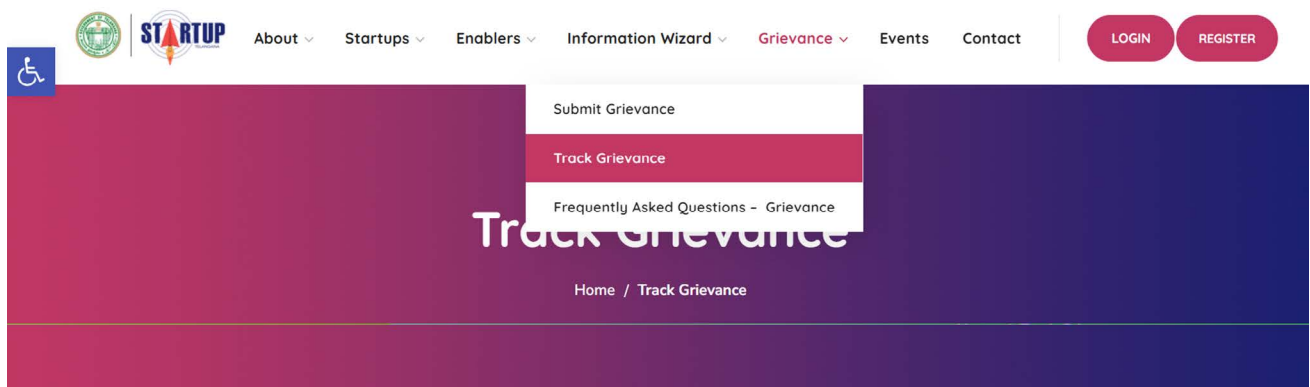
Figure 2: State Startup Portal

Figure 3: Grievance Tracking Portal "under Startup Telangana Website

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 EV Manufacturing Electric Vehicles, Energy Storage Health Care Health Tech, Medical Innovations, Agriculture Agri Tech, Life Sciences and Pharmaceuticals Biotech, Pharma, among others.

To promote startups operating within the identified priority sectors, the **State had 13+ schemes, initiatives** / policies / activities operational during the evaluation period, with interventions such as capital subsidy, patent & IPR cost reimbursement, preferential access to government pilots & procurement, seed grants or innovation challenges and incubation support at subsidized cost. As per documentary evaluation, 30+startups have been supported in the priority sectors."

Women Entrepreneurial Development

Dedicated incentives and support mechanisms for women-led startups have been introduced through the state startup policy, covering financial incentives, capacity building, incubation and acceleration support, mentorship, market access.

Similarly, under the MSME Policy 2024 of Telangana, women-led startups receive dedicated support through a 5% reservation for women entrepreneurs in MSME parks and the establishment of one MSME park exclusively for women-owned enterprises. For women entrepreneurs, the State offers several dedicated programmes under WE-Hub, including WE-Reach, Project Inclusion, WE-Leads, Project Ujaagar, WE Enable, and multiple sub-schemes under WE Engage such as Wadhwani Liftoff: PROPEL, Wadhwani Liftoff: SPARK, and FLINT, along with the WE Elevate scheme.

As per the documentary evidence submitted, the State has supported **50+ unique women-led startups during** the evaluation period.

Growth of Young Entrepreneurs

The State has implemented structured interventions to encourage entrepreneurship among students and young innovators through educational institutions. These include entrepreneurship awareness programs, industry networking opportunities, market awareness.

During the evaluation period, the State implemented **40+ such comprehensive support structures** / schemes / programs aimed at supporting student entrepreneurs.

TASK – i4TS 2.0 Program Launch

During the evaluation period, Telangana initiated TASK – i4TS 2.0 Program Launch to foster innovation and entrepreneurship in the state. The program aimed to identify and support aspiring entrepreneurs with promising ideas, providing them with mentorship, training, networking opportunities. Through this initiative, TASK sought to create a vibrant entrepreneurial ecosystem in Telangana and drive economic growth. A total of 6,564 students participated in this event.

Entrepreneurial Growth in the Social Innovation Landscape

The State has extended targeted support to startups operating in the public welfare and social innovation space, through Government Order dated 19.10.2024. The interventions include idea validation, mentorship, incubation and acceleration, prototyping, grants, pilot implementation for such startups.

Mentorship Support Provided to Startups

The State has facilitated structured mentorship support for startups as part of its ecosystem development initiatives through state-led mentorship programs. As per the documentary evidence provided, **180+ 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

3,800+
Startups registered on the State Startup portal

4+
New manufacturing Incubators Setup

4+
Existing Incubators 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, **3,800+ 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.

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 **4+ new manufacturing incubators**, including Mahindra e-Hub, IT Tower Nalgonda, while 4 existing incubators, including National Centre for Additive Manufacturing (NCAM), Ag-Hub, Osmania Technology Business Incubator were upgraded.

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

50+
Startups received funding from the State

15+
State supported fundraising Initiatives

Access to Funding

The State has initiated collaborative funding provisions for startups in partnership with banking and financial institutions through MoUs. For instance, the state has provided a MoU between T-Hub Foundation and Small Industries Development Bank of India (SIDBI).

Further, the State has extended direct financial support to startups through State-supported funds or funding mechanisms established or facilitated by the government. During the evaluation period, **50+ startups** have received funding support through these mechanisms.

The State has also 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 sessions, investor meets, and knowledge sessions aimed at promoting angel funding, equity financing, and debt financing for startups.

One such event conducted was the Global AI Summit conducted by the Telangana Government to promote discussion about AI and AI based startups. It was attended by 33 startups in the presence of 22 potential investors.

Figure 4: Funding initiatives by the state

| REIMBURSEMENT OF SGST | REIMBURSEMENT OF INTERNATIONAL MARKETING | REIMBURSEMENT OF THE PATENT REGISTRATION EXPENSES | REIMBURSEMENT OF RECRUITMENT ASSISTANCE | PERFORMANCE RELATED GRANT |
| GRANTS FOR THE STARTUPS WITH GRASSROOT/RURAL IMPACT | PUBLIC PROCUREMENT INCENTIVES FOR STARTUPS WITH GRASSROOT/RURAL IMPACT | T-FUND INITIATIVE | T-SPARK INITIATIVE | TELANGANA STATE INNOVATIONS WITH RURAL IMPACT (TSIRI) INCENTIVES |

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

5+ 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. Such relaxations include turnover requirements, exemption on manpower availability criteria, exemption on ISO certifications, among others. Various State departments / authorities / bodies such as Municipal Administration and Urban Development, Telangana State Technology Services Limited, Department of Health and Family Welfare have also awarded purchase orders or work orders to Startups during the period of consideration.

Figure 5: Introduction to public procurement relaxation for startups under Startup Telangana portal

Access to Domestic and International Market Access Opportunities

The State 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 State, as well as through facilitative partnerships with external agencies.

During the evaluation period, the State implemented **more than 5+ market access initiatives,** including knowledge sharing sessions, buyer seller meets, other innovative programs.

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.
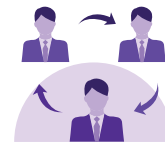
It covers 3 action points:

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

15+ State Departments Participated in capacity building workshops

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

As per the documentary evidence submitted, officials from **15+ State departments** participated in sensitization programs on Startup ecosystem.

The State also has undertaken capacity development initiatives to strengthen the operational and managerial capabilities of State-supported incubators through structured training workshops and programs.

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

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

Initiatives Undertaken by the State to Facilitate Research and Innovation

The state provides assistance on IPRs through its state policy. Further, T-Works, which is a public-private partnership business incubator and innovation hub in Hyderabad acts as an anchor point to provide services related to intellectual property. It brings in experienced faculty from premier institutions like IIIT-H, ISB, NALSAR, IIT-H, BITS, etc. for these services.

Figure 6: T-Works - Nodal Agency for IPR services in Telangana

Support to Startups for a Sustainable Future

During the evaluation period, the state supported startups in the circular economy and sustainability domains through its policies such as Telangana EV Policy and Telangana E-Waste Policy, offering regulatory and fiscal incentives for idea development, scaling, upskilling, and technology adoption, while accelerating clean mobility and e-waste recycling and upcycling to foster a sustainable future.

As per the documentary evidence submitted, the State supported **more than 80 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 operationalize a structured Seed Fund, Venture Fund, or Fund of Funds with transparent selection, disbursement, and monitoring mechanisms targeted at startups with demonstrable innovation and scale potential.

- The state may focus on institutionalizing regular sensitization and capacity-building programmes for state government officials and ecosystem enablers, covering startup evaluation, procurement processes, emerging sectors and evolving business models

- The state may enhance procurement outcomes for startups by issuing a higher number of purchase orders and exploring earmarking of a defined proportion of suitable government contracts for startups.

11. Annexures

List of Figures

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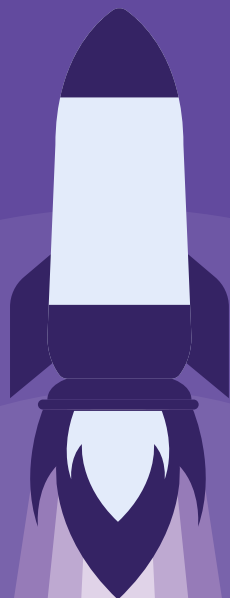
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