Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry and Internal Trade

#startupindia

STATES' STARTUP RANKING 2021

DELHI

Aspiring Leader

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States' Startup Ranking Results 2021

Delhi has participated in all 26 Action Points under the Startup Ranking Framework 2020. The status of Delhi's performance in each of the Reform Area has been graphically represented below. Data presented is the percentile score, which is the relative performance of the Union Territory (UT) in each Reform Area as compared to other participating States/UTs. For example, if Delhi has a score of 6th percentile in 'Institutional Support' Reform Area, this implies that the UT has scored higher than 6% of the participating States/UTs in that Reform Area.

Delhi has been evaluated across seven Reform Areas that have a significant contribution towards propelling the startup ecosystem in the UT. The UT has shown noticeable performance through 'Incubation Support', and 'Capacity Building for Enablers'. The impact generated through 'Institutional Support', 'Access to Market', 'Funding Support', and 'Mentorship Support' may require further efforts. Detailed analysis of initiatives taken by the UT to promote its startup ecosystem are discussed in subsequent sections.

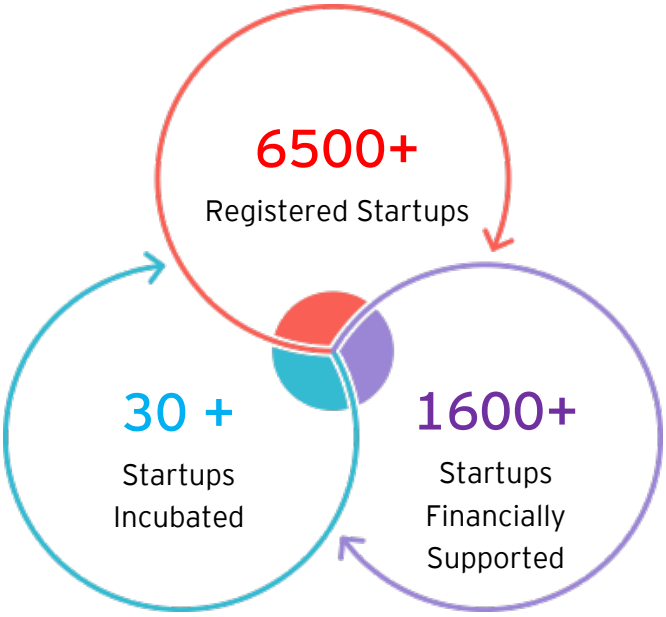
*The evaluation has been done on submissions made by States/UTs and data available with Startup India, DPIIT.

Delhi Startup Ecosystem

1.1 Introduction

The Government of the National Capital Territory (NCT) of Delhi has been acknowledged as an 'Emerging State' in the States' Startup Rankings 2019 conducted by the Department of Industrial Policy and Promotion, Government of India. The UT has continued its efforts in building up a holistic startup ecosystem which was visible under the States' Startup Rankings 2021 (refer to Figure A).

Figure A: Achievements of Delhi's effort to boost its startup ecosystem

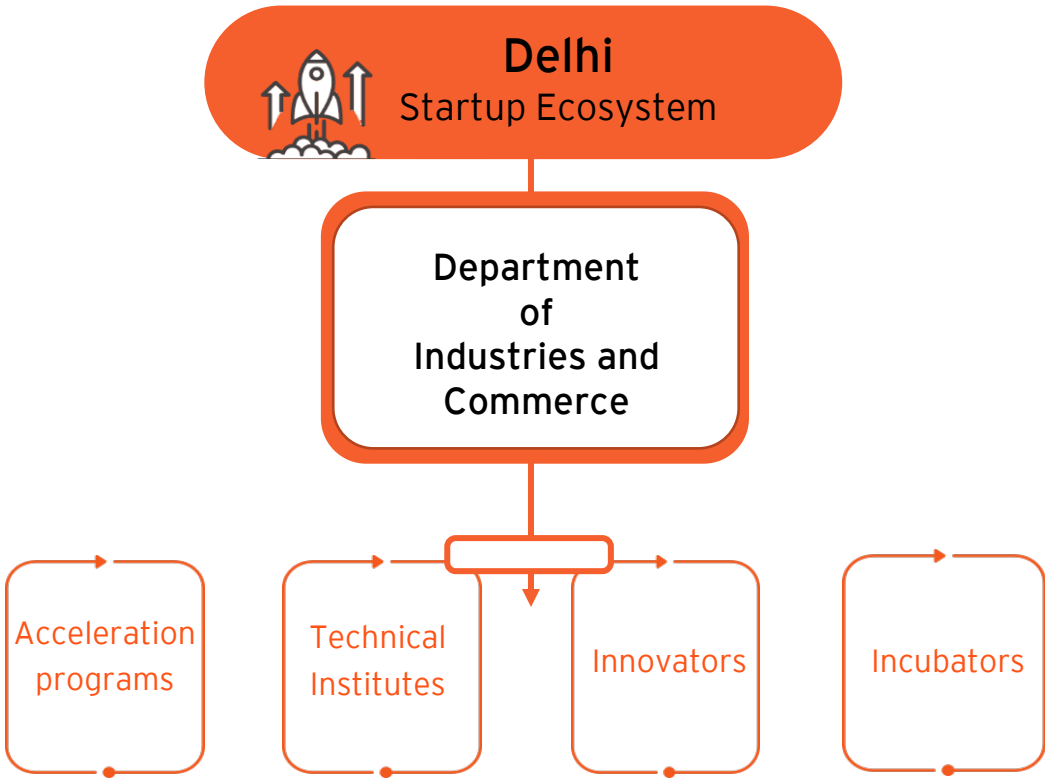


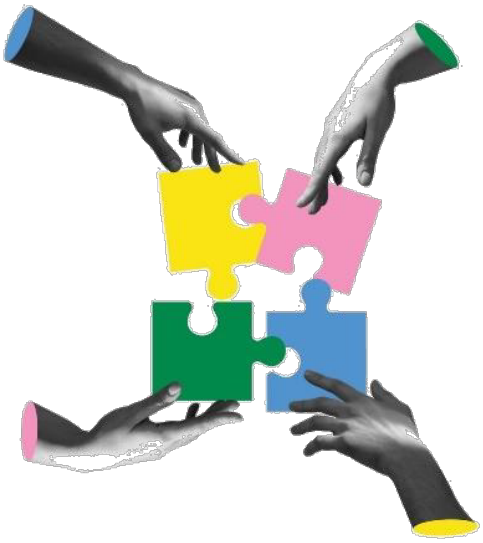
Delhi is the epicentre of trading activities in India and Asia. Delhi serves as the focal point, making it the busiest logistics and trade hub in North India. With a high literacy level of 86.2%, a young population, and a sizeable proportion of the population of working age at 6.28 million in 2017-18 [1], the UT provides immense opportunities to harness its economic potential.

[1] *Draft Master Plan of Delhi 2041*, Delhi Development Authority, 2021

The nodal department for the startups in Delhi is the Department of Industries and Commerce (refer to Figure B for the key stakeholders of the Delhi Startup Ecosystem).

Figure B: Flowchart of Delhi Startup ecosystem





1.2 Highlights of the Delhi Startup Ecosystem

The Government of Delhi has undertaken several initiatives to boost its startup ecosystem. Refer to the information below for some of the initiatives undertaken by the Government of Delhi.

Delhi has setup more than **10 incubators** in association with the various institutions across the UT

Nearly **INR 1.5 crore** funding provided to the incubators to encourage the incubation support provided by them to startups

Nodal officer and department assigned to overlook the startup ecosystem development

More than 6500 startups registered in the UT

Reform Area wise Assessment

2.1 Institutional Support

Institutional Support focuses on the execution and facilitation of the State/UT's startup policy through a comprehensive portal and specific incentives provided by various Government stakeholders. This Reform Area focuses on the access to information for startups on the State-supported initiatives. It analyzes whether a particular State/UT has a functional startup portal offering single window solutions for all startup ecosystem stakeholders. A holistic startup portal offers services ranging from startup registration to an efficient grievance redressal mechanism in making information accessible and inclusive through the functionality of local languages. A special focus has been drawn towards women-led startups with specially tailored incentives and schemes to ensure equitable implementation. The Reform Area also emphasizes on institutionalized support provided to the startups from various State/UT Government departments.

2.1.1 Key Initiatives

Being the National Capital Territory of India, Delhi has seen several startups budding in the UT with the availability of support from the Central and UT Government organizations in the region. The Government of Delhi has nominated the Industries department as the Nodal department and Secretary-cum-Commissioner of the Industries department as the Nodal officer for the startup ecosystem development in the N.C.T. (National Capital Territory) of Delhi.

The UT relies on the website of the Department of Training & Technical Education to provide information to startups regarding the rules, regulations, and acts related to the startup ecosystem (refer to Figure C). The Department of Training and Technical Education has provided financial grants of more than INR 1.5 Crores through incubation centres identified by the UT.

Figure C: Homepage of Directorate of Training and Technical Education website[2]

2.1.2 Way Forward

The UT may prioritize actions based on the suggestions below to further strengthen the startup ecosystem.

Policy Intervention[3]

- The UT may formulate a dedicated startup policy along with detailed operation guidelines.

- The UT may provide benefits and incentives specifically tailored for women-led startups which could create more impact. The procedure to avail the incentives could be detailed as part of the operating guideline document. The incentives could include a monthly sustenance allowance for women-led startups. The UT may further incentivize women-led startups in terms of funding grants and incubation support.

[2] "Homepage" *Directorate of Training and Technical Education website http://www.tte.delhigovt.nic.in/* accessed 27 April 2022

[3] *Policy Intervention – Actions that involve policy-related engagement by the State/UT*

- The UT could encourage its departments to come up with startup-specific policies and rules to support the startup ecosystem, especially in the wake of the COVID 19 pandemic. One such incentive could be the reimbursement of expenses of promotional events conducted by Nodal Institutions.

- Various UT departments could organize recurring events for startups to come up with innovative solutions which would improve efficiency in that specific sector. Such programs would benefit the startups as well as the UT departments.

Digital Infrastructure[4]

- The UT may create a centralized portal to provide information regarding various policies, schemes, and initiatives for strengthening the startup ecosystem of the UT.

- A dedicated startup support system (such as on-call support or email support or online chat or a physical centre) could be established by the Government with competent staff to resolve queries related to startups. The helpline could capture the contact details of users and could generate customer satisfaction scores.

- Grievance Redressal Mechanism for startups for resolving public procurement issues may be developed by appointing a dedicated officer to liaison with other Government Departments concerned and the complainant to resolve issues in a time-bound manner. An online or offline mechanism may be developed for startups to submit issues about NCT Government procurement. Alternatively, the existing system of resolving grievances may be improved to include public procurement-specific categories for startups.

[4] *Actions that involve improvement or enhancement for access to information by the UT on the public domain to support startups*

2.2 Fostering Innovation and Entrepreneurship

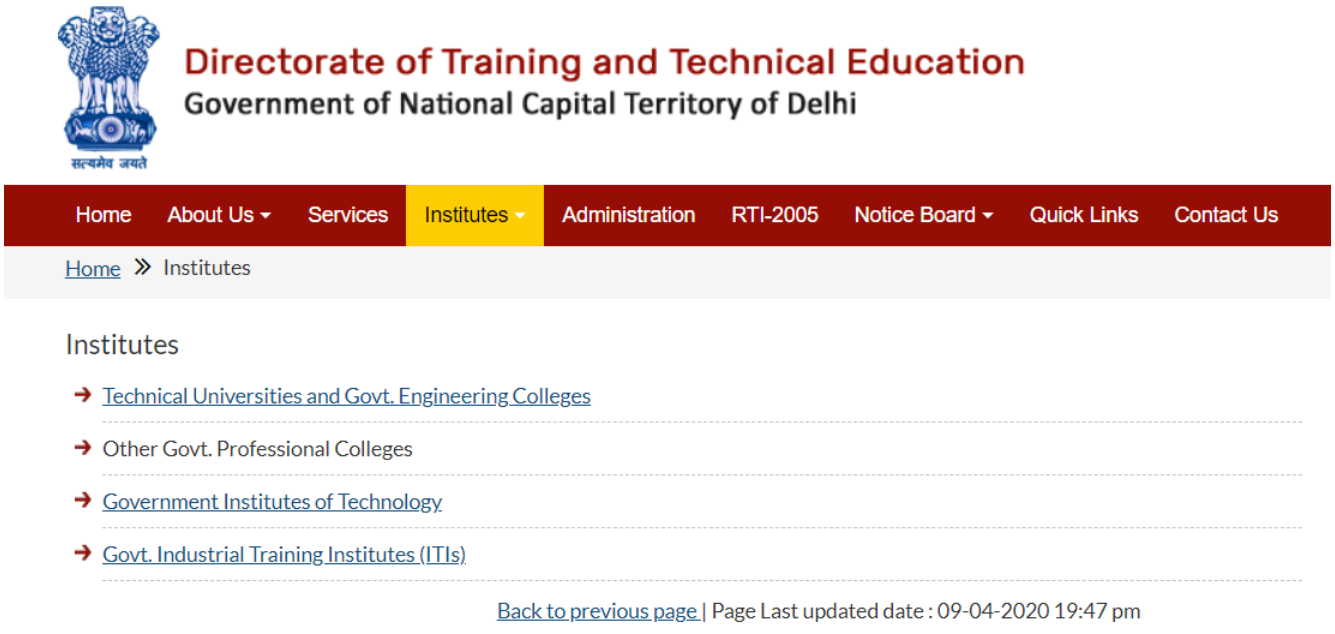
Fostering Innovation and Entrepreneurship seeks to encourage the spirit of innovation among aspiring students and rural entrepreneurs. It focuses not only on the assessment of the total number of registered startups in each State/UT, which is a direct result of the State/UT support but also on the regulatory reforms undertaken to support startups in disruptive sectors. This Reform Area assesses the extent to which Higher Educational Institutes (HEIs) have been engaged in providing support to student entrepreneurs. It also highlights the value of innovation through disruption and promotes State-supported technological disruption to help drive innovation.

2.2.1 Key Initiatives

The number of startups in the NCT of Delhi has increased continuously. The UT has more than 6500 startups registered in the region.

Further, the Government of Delhi conducted more than 50 programs to encourage and nurture the startup ecosystem. These programs provide an impetus to the startups in the highly competitive business environment within the UT and at the national level.

Figure D: Website of the Department of Training and Technical Education[2]



2.2.2 Way Forward

The UT may prioritize actions based on the following suggestions to further strengthen the startup ecosystem.

Policy Intervention

- Various Government departments may come up with respective initiatives/programs/policies to support the relevant disruptive technologies to support the startup ecosystem. The UT can work on the inclusion of disruptive areas such as the Internet of things, Artificial Intelligence, Robotics, Machine Learning, and Blockchain in its policy development.

- Further, to facilitate startups with the adoption of disruptive technologies, the UT can look at providing a "Digital Upscaling Subsidy" where the UT can provide a one-time subsidy for the procurement and up-gradation of high-end electronic equipment.

Capacity Building[5]

- HEIs play a crucial role in encouraging student entrepreneurship. It is important that the UT collaborates with the HEIs for training and prepare the young entrepreneurs. In this regard, the UT could explore the option of holding virtual workshops and programs, which have gained wide acceptance post-COVID 19, to reach out to a wider audience and disseminate relevant information regarding startups and related topics.

- The UT could also focus on designing knowledge support and outreach programs such as boot camps, ideation workshops, and sensitization workshops to disseminate the benefits of registering startups, thereby encouraging entrepreneurs to do the same.

Digital Infrastructure

- In the wake of the COVID 19 pandemic, an effective online mechanism for registering startups either at the UT level or through DPIIT could be developed to help startups avail the relaxations available at the UT and the central level.

- As the NCT announces its Startup policy, it may develop an online system that allows applicants to track the status of their application and download the registration certificate. Similarly, the online system may provide the functionality of online applications, status tracking, and approvals for availing incentives as per the Startup policy.

[5] *Actions that involve support extended by the UT to conduct programs and workshops for ecosystem stakeholders.*

2.3 Access to Market

This Reform Area seeks to encourage the State/UT Government to ease participation in the public procurement process for startups and become an enabler in connecting startups with private stakeholders. The States/UTs are evaluated based on the support provided by them to startups through the organization of showcase opportunities such as Demo-Day, Buyer-Seller Meet, National and International Events, and relaxation in rules for Government work orders. The aim is to steadily increase the number of work orders awarded to startups by helping them be at par with the established players in their respective sectors.

2.3.1 Key Initiatives

From the perspective of startups, connecting with the Government for market access opens the door to further broaden their market base. Delhi has a thriving startup landscape that has led to the rise in the number of startups setting up their operations in the region.

2.3.2 Way Forward

The UT may prioritize actions based on the following suggestions to further strengthen the startup ecosystem.

Policy interventions

- Startups need support to compete with established players on 'prior turnover' and 'prior experience' criteria. Similarly, 'submission of EMD' is another big hurdle for startups. The end objective of floating a public tender is to identify an organization that could provide the best solution at a low cost. The UT Government may consider amending the rules and orders governing procurement for all the NCT Government Departments, agencies, and PSUs. The following conditions may be included to provide exemptions:
  1. There would not be any minimum turnover requirement from startups participating in the public procurement process.
  2. All Departments and agencies will additionally relax the condition of prior experience concerning startups in all public procurement subject to meeting of quality and technical specifications innovation.
  3. Preference be given for procurement from startups to the extent of a decided percentage of the total procurement cost.

Capacity Building

- The UT may conduct programs to encourage startups to participate in public procurement. The different kinds of programs could be GeM workshops, Demo Days, Grand Challenges, Hackathons, Innovation Zones, Buyer-Seller meets, and Corporate Innovation programs.

- The startups could be given a product showcase opportunity where the startup could demonstrate their offerings to various national and international buyers. These programs could provide a platform for startups to connect with various buyers.

- The UT could leverage the now widely accepted virtual format for holding seminars and discussions to extend the reach of its programs. In this way, the UT could take advantage of this opportunity to connect with stakeholders outside the UT as well as outside the country.

2.4 Incubation Support

Incubation support is provided in the form of financial and infrastructural support to startups and State-supported incubators. The State/UT Governments have been supporting incubators to set up or upgrade existing facilities through funds and incentives to enhance the incubation infrastructure. This Reform Area also aims at ensuring proportionate utilization of the incubation capacity of the State-supported incubators. The support provided by the State/UT to the incubators through programs and incentives will in turn help startups in scaling up and thereby, contribute to the growth of the State/UT startup ecosystem.

2.4.1 Key Initiatives

The UT has launched its incubation policy in 2016. The objective of the policy is to set up incubators in NCT-supported academic institutions.

It has created a network of more than 10 incubators in academic institutes that have been granted aid of INR 1.5 crore.

NCT has financially supported the following incubators for capital, operations, and maintenance expenses of the facility:

1. Netaji Subhash Institute of Technology
2. Delhi Technological University
3. Bhai Parmanand Institute of Business Studies
4. Indira Gandhi Technical University for Women
5. Ambedkar University Delhi
6. Shaheed Sukhdev Singh College of Business
7. Acharya Narendra Dev College
8. Delhi Pharmaceutical Science and Research University
9. Ambedkar Institute of Advanced communication Tech and Research
10. College of Art
11. Indraprastha Institute of IT

Facilities available for startups in incubators are mentorship, access to seed funding, investor connect, and access to startup events and ecosystem partners. The supported incubators also provide free of cost or highly subsidized incubation.

2.4.2 Way Forward

The UT may prioritize actions based on the following suggestions to further strengthen the startup ecosystem.

Capacity Building

- There are more than 6500 startups based out of Delhi. The number is certainly going to increase in the coming years with growing support from Delhi Government. With this background, the NCT may consider setting up more incubators or increasing the capacity of the incubators.

- Additionally, support to new incubators could be provided in the form of (a) one-time capital assistance (b) 100% reimbursement of Stamp Duty and Registration Fee paid (c) Power tariff subsidy (d) 100 % reimbursement for electricity duty paid for 5 years on the continuous basis with power tariff subsidy.

- Further, the UT could also develop its portal in a way such that startups could connect with incubators through a dedicated incubator dashboard.

- Formulating KPIs for incubators might enable them to make better decisions and gives them direction. Capacity utilization is an important metric for assessing the performance of incubators. The existing incubators could be upgraded to further increase their capacity. Within each incubator, more seats could be reserved for startups.

- The UT could leverage virtual platforms for holding accelerator programs for startups. In this way, the UT could take advantage of this opportunity to connect with stakeholders outside the UT as well as outside the country.

2.5 Funding Support

All startups require timely availability of funding for their growth. This Reform Area encourages various State/UT Governments to establish either Seed or Venture funds or Fund of Funds for startups. It also focuses on the access to these funds established by the State/UT Government. A special focus has been given to initiatives and programs undertaken for connecting startups with private investors through workshops, networking events, pitching sessions, and investor networking events.

2.5.1 Key Initiatives

The Department of Industries is the nodal department for the distribution of the funds. The Government has appointed two entities for seed funding disbursal, these are:

1. Shaheed Sukhdev College of Business Studies (SSCBS) Innovation and Incubation Foundation (SIIF)
2. Indraprastha Institute of Information Technology (IIITD) Innovation and Incubation Centre

SIIF has the following operating principles:

- Funding is to be provided as **seed fund only**
- Funding from SIIF to be provided against equity in private limited company of the venture
- **Maximum exposure** by SIIF in a venture during the incubation tenure is **INR 20 lakh**
- **Maximum equity** to be taken by SIIF in the venture during the incubation tenure against the seed fund is **10%**
- Usual norm of investment is **INR 7.5 Lakh against 7.5% equity**

IIITD has the following operating principles:

- A startup could be an incubated company for a period not less than three months as on the date of seed investment application
- A startup could have a **paid-up capital not less than INR 1 Lakh**

Figure E: SSCBS Innovation and Incubation Foundation Website[6]

2.5.2 Way Forward

The UT may prioritize actions based on the following suggestions to further strengthen the startup ecosystem.

Digital Infrastructure

- The UT may develop an online mechanism for the disbursement of funds ensuring transparency and easing the process of tracking the transactions. The online system could provide application procedure(s) along with the functionality of applying online, online approvals, and online status tracking for availing seed funding being provided by NCT.

[6] "Mentors" *SSCBS Innovation and Incubation Foundation website https://siif.in/our-mentors-2/* accessed 27 April 2022

- The UT Government may maintain an online dashboard by integrating it into the startup portal containing details of funds sanctioned or disbursed by the Government.

- Additionally, the UT may conduct quarterly events and programs to disseminate information on funding provisions available to startups. These programs could become the platform for connecting with Angel Investors and High Net-worth Individuals.

Policy Intervention

- The UT may consider providing subsidy-based or loan assistance incentives to startups or giving seed grants to incubators who could further relay the seed funding support to startups.

- Delhi may undertake steps to promote investment in startups by consulting and partnering with existing angel investor networks in the country. As a first step, the nodal department may identify a few leading angel investors and HNIs from the region to discuss the benefits of angel investing. NCT may facilitate such discussions through workshops or networking events.

- The UT Government may explore the opportunity of creating a venture fund or Fund of funds with an appropriate corpus for funding Delhi-based startups. In this regard, the department may prepare clear operating guidelines for the fund and hire a fund manager for managing the funds.

2.6 Mentorship Support

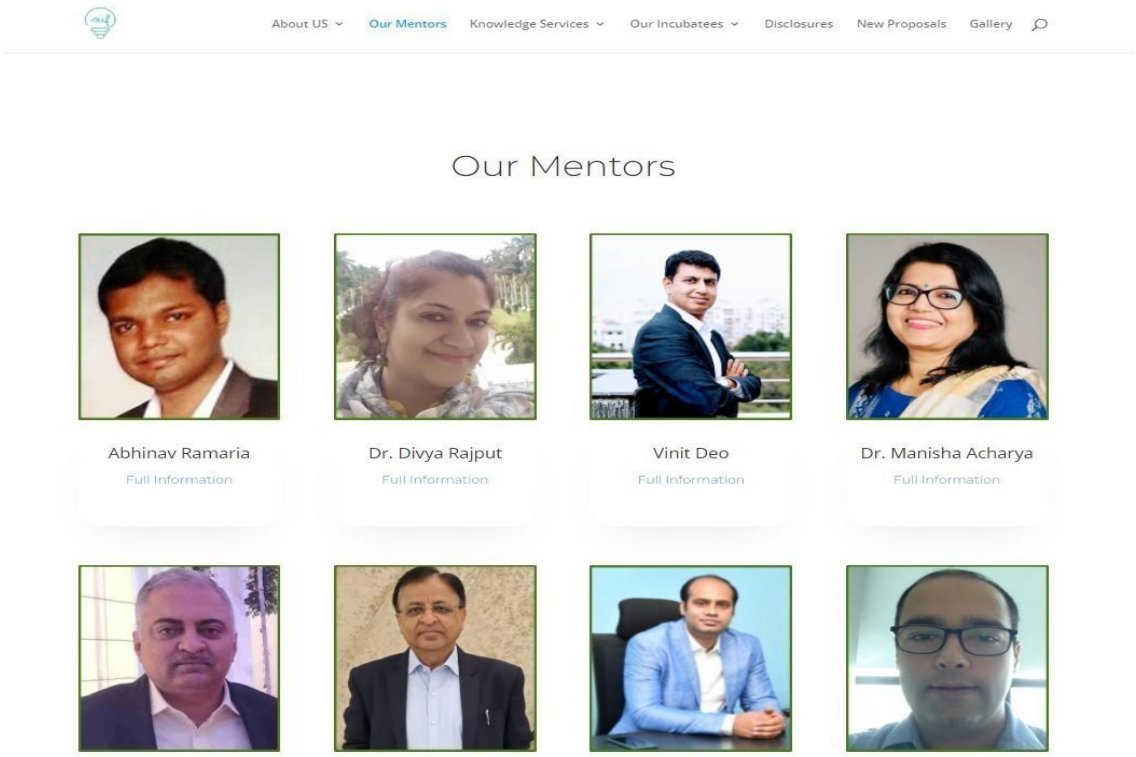
Mentorship support provided by States/UTs is a crucial factor in the growth of startups that do not have the means and network to find such guidance on their own. Mentors can be from business schools providing support in terms of marketing, finances, product, international expansion, fundraising, legal, etc. They can also be founders of established businesses or academic researchers. The Reform Area measures efforts by the State/UT Government in facilitating mentorship to startups. This has been assessed by the number of startups benefitting from the State's/UT's network of mentors and the time spent by the startups with mentors.

2.6.1 Key Initiatives

The Government of Delhi has close to 30 registered mentors to support its startup ecosystem.

These mentors have provided mentorship support in the form of group sessions or one-to-one sessions to more than 100 startups.

Figure F: Details of mentors on the SSCBS Innovation and Incubation Foundation website[7]



[7] "Mentors" *SSCBS Innovation and Incubation Foundation* https://siif.in/our-mentors-2/ accessed 27 April 2022

2.6.2 Way Forward

The UT may prioritize actions based on the following suggestions to further strengthen the startup ecosystem.

Policy Intervention

- The UT may support such programs, activities, workshops, or events that spread awareness on mentorship support, networking, and exposure among startups. These sessions could also be conducted at the school level to create awareness among the children and help them materialize their ideas at early stages.

Handholding Support[8]

- The Government could establish a mentor network to provide sector-specific assistance and support to the startups. This mentor network could include eminent professors, corporate partners, educational institutes, industry experts, and innovators.

- Further, the Government could also guide the stakeholders of respective departments (e.g., The Education department and the Industries department) to conduct interdepartmental mentoring sessions where the startups with their respective mentors engage in a brainstorming session. These sessions could help in creating a synergy between the startups and mentors at the early stages which could help multiply the growth rate of several startups.

- The Government could develop an online "Mentor Connect Mechanism" through which any startup could log in through the portal, schedule meetings, and connect with the mentors of their choice, as per their business needs.

[8] *Actions that involve UTs to improve provisions under access to market, incubation support, mentorship support for startups.*

2.7 Capacity Building of Enablers

Capacity building of key stakeholders and enablers is essential for driving the growth of the entire startup ecosystem. It is vital to provide necessary information to the key ecosystem facilitators to enable startups with the opportunity to contribute to Government initiatives. This Reform Area assesses sensitization workshops, programs conducted for Government officials, and workshops conducted to train State-supported incubators. It also focuses on the capacity development of potential private investors to encourage local private investments.

2.7.1 Key Initiatives

The Government of Delhi has conducted nearly **10 workshops** for strengthening its startup ecosystem. These programs included both physical and virtual sessions.

2.7.2 Way Forward

The UT may prioritize actions based on the following suggestions to further strengthen the startup ecosystem.

Capacity Building

- The UT Government may hold quarterly sensitization workshops for various Government departments and officials to encourage them to interact with startups to understand their concerns. These workshops will cover topics such as the policy and regulatory environment related to the startup ecosystem in India, the Government's role in encouraging an entrepreneurial mindset, and insights from national and global best practices.

- Currently, most UT-supported incubators receive training on different schemes and programs within the region. The UT may train UT-supported incubators through capacity development workshops by collaborating with incubators from other States to explore mutual learning opportunities.

- The UT could develop the capacity of incubators through various training programs. The UT may cover topics related to intellectual property rights, business incubation models, Designing programs for startups, Setting up virtual incubation services, and Incubator management training.

- The UT may conduct monthly virtual programs spread across various districts to sensitize potential investors on investment in startups. These programs could be knowledge sharing sessions, one-on-one interactions to facilitate investor connection, basics of angel investment, and exit opportunities for angel investors.

- The UT may document and submit details of the workshops and programs conducted in terms of the record of discussion and detailed participation records of the stakeholders for knowledge dissemination.

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List of Abbreviations

DIPP	Department of Industrial Policy & Promotion
DPIIT	Department for Promotion of Industry and Internal Trade
GEM	Government e-Marketplace
IIIT Delhi	Indraprastha Institute of Information Technology Delhi
MOU	Memorandum of understanding
NCT	National Capital Territory
SIIF	SSCBS Innovation and Incubation Foundation (SIIF)
SSCBS	Shaheed Sukhdev Singh College of Business
SRF	Startup Ranking Framework
UT	Union Territory

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