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Ranking of States on Support to Startup Ecosystems: DPIIT

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Why in News

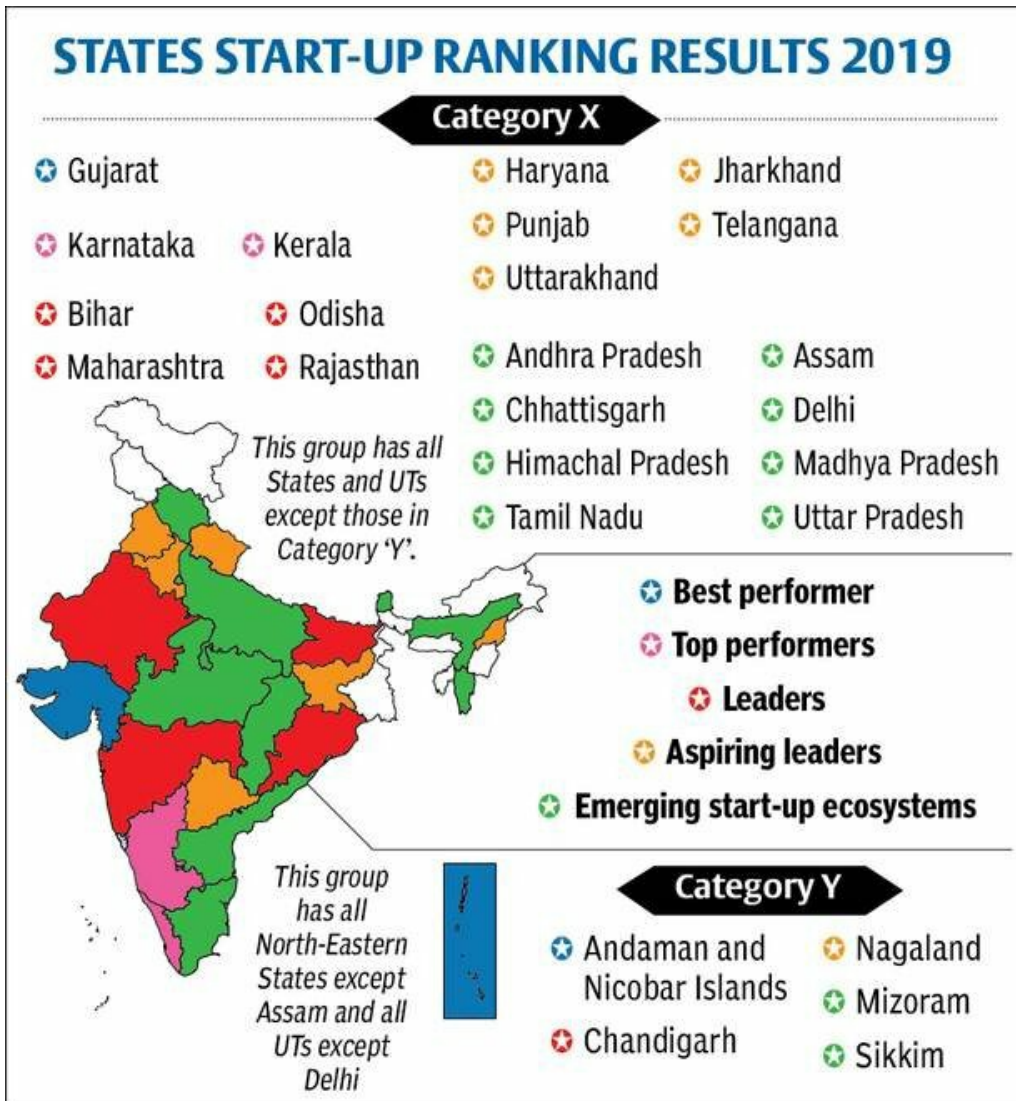
The Results of the 2nd edition of **Ranking of States on Support to Startup Ecosystems** were released by the **Department for Promotion of Industry and Internal Trade (Ministry of Commerce & Industry)**.

DPIIT has recently released the **Ease of Doing Business Rankings of the States-2019** based on the State Business Reform Action Plan.

Key Points

- **Objectives:** The rankings were started with an objective of fostering **competitiveness, mutual learning** and propel States and Union Territories (UTs) to work proactively towards uplifting the startup ecosystem.
- **Framework:** The 2019 Ranking Framework has **seven broad reform areas consisting of 30 action points** ranging from institutional support, easing compliances, relaxation in public procurement norms, incubation support, seed funding support, venture funding support, and awareness and outreach.
- **Participation:** 22 States and 3 Union Territories.
- **2 Categories:** To establish uniformity and ensure standardization in the ranking process, States and UTs have been divided into two groups.
 - **Category Y: All UTs except Delhi and all States in North East India except Assam.**
 - **Category X: All other States and UT of Delhi.**

- **Results:** The States and UTs were classified as: Best Performers, Top Performers, Leaders, Aspiring Leaders and Emerging Startup Ecosystems.
 - **Gujarat** was the Best performer in **Category X** followed by Karnata and Kerala. Uttar Pradesh and Tamil Nadu occupied the lowest positions.
 - **Andaman and Nicobar Islands** was the Best performer in **Category Y**. Sikkim secured the bottom place.
 - Gujarat had secured the Best Performer position previous year as well.



Startup Landscape in India

INDIA IS THE
3rd LARGEST
startup ecosystem
in the world



28,000+
STARTUPS RECOGNISED

by Department for Promotion of
Internal Trade and Industry (DPIIT)



INDIA IS
HOME TO 32
UNICORNS

(Startups with
valuation \$1 Bn+) with
a combined valuation
of \$100+ Billion



The current median age
of founder entrepreneurs
lies at only
31 YEARS



36 REGULATIONS

have been simplified for
the startup ecosystem
in India!



**29 STATES AND UTs
NOW HAVE A STATE
STARTUP POLICY**

*The federal as well as state
governments are increasingly
recognising startups as important
engines for economic growth*



**ON AN AVERAGE 12
JOBS CREATED PER
STARTUP TOTALING
UP TO 3,50,000+
JOBS**

*The boom in women
entrepreneurship is
apparent in the growth
story of women led
startups -*

**MORE THAN
43% OF THE
TOTAL STARTUPS IN
INDIA HAVE ONE OR MORE
WOMEN DIRECTORS**



*The startup
ecosystem, in driving
India's growth story,
tangibly adds to job
creation in the nation*



The entire startup
ecosystem raised
**\$50 BILLION
FUNDING²**
between 2014-2019

LEADING SECTORS THAT PERVADE THE INDIAN STARTUP LANDSCAPE ARE³

\$5.7 BN

FINTECH

\$3 BN

ENTERPRISES

\$1.4 BN

HEALTH-TECH

\$11.7 BN

E-COMMERCE

\$1.2 BN

LOGISTICS

*(While sector diversity visibly
permeates Indian led businesses)*

Government Initiatives:

- **Start Up India Fund**: Under the Startup India program, the Government created the 'Fund of Funds for Startups (FFS) with a corpus of INR 10,000 crore.
- **Policy Reforms for Startups**: These include requirement of distributable profits for three years for a company to be eligible to issue shares with differential voting rights.
- **Start-up Cells**: The Cell will work towards redressal of grievances & tax-related issues of Startups with respect to the administration of the Income-tax Act, 1961.
- **National Startup Advisory Council**: To advise the Centre on measures needed to build a strong ecosystem for nurturing innovation and start-ups in the country.
- **Aatmanirbhar Bharat ARISE-Atal New India Challenge**: It is a national initiative to promote research & innovation and increase competitiveness of Indian startups and Micro, Small and Medium Enterprises (MSMEs).
- **AIM-iCREST**: It is an Incubator Capabilities Enhancement program launched by **NITI Aayog** for a Robust Ecosystem focused on creating high performing Startups.
- More than **1300 Startups** have been supported by **seed funding** from State Governments. In addition to seed funding, 10 States have created **Venture Funds** or a Fund of funds and 218 startups have been provided with venture funding support.
 - **Seed funding** : It is the initial capital used when starting a business.
 - **Venture Funds**: This generally comes after the seed funding round. It is a means of equity financing for rapidly-growing private companies for expansion or purchase of a company. It is provided by venture capitalists after carefully scrutinizing the projects.

Way Forward

- The initiative will help in **capacity-building of States** and building a robust Start-up ecosystem in the country for **nurturing innovation and providing opportunities to budding entrepreneurs**, as envisaged by the **Start-up India Initiative** launched in 2016. This is necessary for the country to realize the dream of becoming a 5 trillion dollar economy by 2024.
- There is a need to ease the access to funding to Start-ups, especially those from small cities and the need for simplification of regulations. The central and state governments would have to invest heavily in Research & Development and upcoming technologies, to build further on their competitive value addition to this exercise.

Source: PIB