



## States' Startup Ranking 2022

**For Prelims:** [Startup Ranking 2022](#), [National Startup Award, 2023](#), [Startup](#).

**For Mains:** Role of Startup in promoting Culture of [Innovation](#), [Ease of Doing Business](#) and issues related to it.

**Source:** TH

### Why in News?

The results of the 4<sup>th</sup> edition of **Ranking of States on Support to Startup Ecosystems** were released by the **Ministry of Commerce and Industry**.

- This edition's ranking exercise saw the **highest-ever participation** with 33 States and UTs participating.
  - A **'National Report'** encompassing the full exercise, along with a **'Compendium of Best Practices'** and individual **'State Report'** for all participating states was also launched, celebrating the spirit of entrepreneurship in India with a total of 31 States/UTs having formulated [State Startup Policies](#).

### What is States' Startup Ranking?

- **About:**
  - The [Start-up India](#) initiative of the Government of India envisages to build a robust Start-up ecosystem in the country for nurturing innovation and providing opportunities to budding entrepreneurs.
  - The [Department for Promotion of Industry and Internal Trade \(DPIIT\)](#) under the **Ministry of Commerce and Industry** has been **conducting the States' Start-up Ranking Exercise since 2018**.
    - The exercise plays a crucial role in **easing the business environment** for start-ups in the country.
- **Objectives:**
  - Help **bring to the fore progress made by the States/ UTs** for promoting the Startup ecosystem.
  - Foster **competitiveness** & propel the States/ UTs to work proactively.
  - Facilitate States/ UTs to **identify, learn and replicate** good practices.
- **Classification:** States and Union Territories are classified into **5 Categories:**
  - Best Performers
  - Top Performers
  - Leaders
  - Aspiring Leaders
  - Emerging Start-up Ecosystems.
    - **Note:** The **'Beginner list'** was part of earlier rankings but has been **discontinued since 2019**.

## What are the Findings of States' Startup Ranking 2022?

### States and UTs were divided into two categories:

- Category A (Population > 1 crore) and Category B (Population < 1 crore)

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### ▪ **7 broad Reform Areas:**

- The participants were evaluated across **7 broad Reform Areas** consisting of **25 Action Points** such as:
  - Institutional Support
  - Fostering Innovation and Entrepreneurship
  - Access to Market
  - Incubation and Mentorship support
  - Funding Support
  - Capacity building of enablers

- Roadmap to a sustainable future.
- 15% of the total scores were awarded based on 10,000+ survey responses collected in 9 languages (telephonic and web-based).



▪ **Status of Indian Startup Ecosystem:**

- The number of recognized Startups has grown at **120% (CAGR)** over the last 7 years and stands at over one lakh Startups as of October 2023.
- The coverage of Startups has **increased sixfold in the last seven years** with presence in close to 670+ districts across the country.
- **Close to 50% of the recognized Startups are based out of Tier 2 and Tier 3 cities.**

## What are the Initiatives Taken to Promote Startup?

- **Funds of Funds (FoF) Scheme:**
  - The [FoF for Startups Scheme](#), established in June 2016 with a corpus of Rs. 10,000 Cr, aims to **boost the Indian Startup ecosystem** by spreading contributions over the **14<sup>th</sup> and 15<sup>th</sup> Finance Commission** cycles based on implementation progress, facilitating access to domestic capital.
- **Startup India Seed Fund Scheme (SISF):**
  - [SISF](#), approved **for a four-year period from 2021-22** with a corpus of Rs. 945 Cr, **provides financial aid to Startups** for proof of concept, prototype development, product trials, market entry, and commercialisation.
- **Startup India Investor Connect:**
  - Startup India Investor Connect **facilitates AI-based matchmaking** to connect startups with investors, streamlining the process for entrepreneurs to pitch their ideas to multiple investors through a single application.
- **Startup India's Multilateral Engagements: Startup20:**
  - [Startup20](#), established during [G20 India Presidency 2023](#), is a dedicated global platform for startups, **mirroring B20 for large enterprises**. India's Startup20, now the **third-largest ecosystem globally**, boosts its standing as a startup hub.
  - As a **dialogue forum**, it engages with G20 leaders on macroeconomic issues, supported by G20 India Sherpa and the Startup20 secretariat.
- **Other Intervention Under the Startup India Initiative:**
  - **Startup India Innovation Week:**
    - [DPIIT](#) organises **Startup India Innovation week** around the [National Startup Day](#), i.e., 16th January, with the primary **goal to bring together the country's key Startups, entrepreneurs, investors, incubators, funding entities, banks, policymakers**, and other national/international stakeholders to celebrate entrepreneurship and promote innovation.
  - **Handholding support under National Startup Awards (NSA):**
    - It is an initiative undertaken **by Startup India to recognize and reward Startups and ecosystem enablers** who are building innovative products and scalable enterprises, with high potential of employment generation or wealth creation, demonstrating measurable social impact.
  - **MAARG Portal:**
    - **MAARG Portal by Startup India is a one-stop mentorship platform to facilitate mentorship for startups across diverse sectors**, functions, stages, geographies, and backgrounds.
- **Other Related Initiatives for Startups:**
  - [Open Network for Digital Commerce](#)
  - [Fisheries Startup Grand Challenge](#)
  - [Start Up India Fund](#)
  - [Policy Reforms for Startups](#)
  - [Start-up Cells](#)
  - [National Startup Advisory Council](#)
  - [Aatmanirbhar Bharat ARISE-Atal New India Challenge](#)
  - [AIM-iCREST](#)
  - [National Startup Day 2024](#)

## What are the National Startup Awards 2023?

The [National Startup Awards 2023](#) is one of the flagship initiatives undertaken by Startup India to recognize and reward outstanding [startups](#) and enablers that demonstrate exceptional capabilities.

- Consideration is also given to champion sectors identified by the Government with a focus on improving India's manufacturing capabilities towards the mission of an ["Atma Nirbhar Bharat"](#).
- **Key Facts:**
  - The **fourth edition** of the **National Startup Awards** has received over 2,000 applications, testifying to the **increasing acceptance** of the initiative among startup ecosystem stakeholders across the board.

- NSA 2023 has actively engaged across **diverse sectors** of the economy and showcased a remarkable commitment to **inclusivity**.
- A large number of **startup applications for NSA 2023** have **women in the leadership positions** of their enterprises.
- Additionally, many applications have also nominated themselves as **sustainability champions, focused on climate change, sustainability, waste management, renewables, or allied sectors**.

## UPSC Civil Services Examination, Previous Year Questions (PYQ)

### Prelims

**Q. What does venture capital mean? (2014)**

- A.** A short-term capital provided to industries
- B.** A long-term start-up capital provided to new entrepreneurs
- C.** Funds provided to industries at times of incurring losses
- D.** Funds provided for replacement and renovation of industries

**Ans: B**

### Mains:

**Q.** "Success of 'Make in India' program depends on the success of 'Skill India' programme and radical labour reforms." Discuss with logical arguments. **(2015)**

PDF Reference URL: <https://www.drishtiias.com/printpdf/states-startup-ranking-2022>