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

#startupindia
STATES' STARTUP RANKING 2021
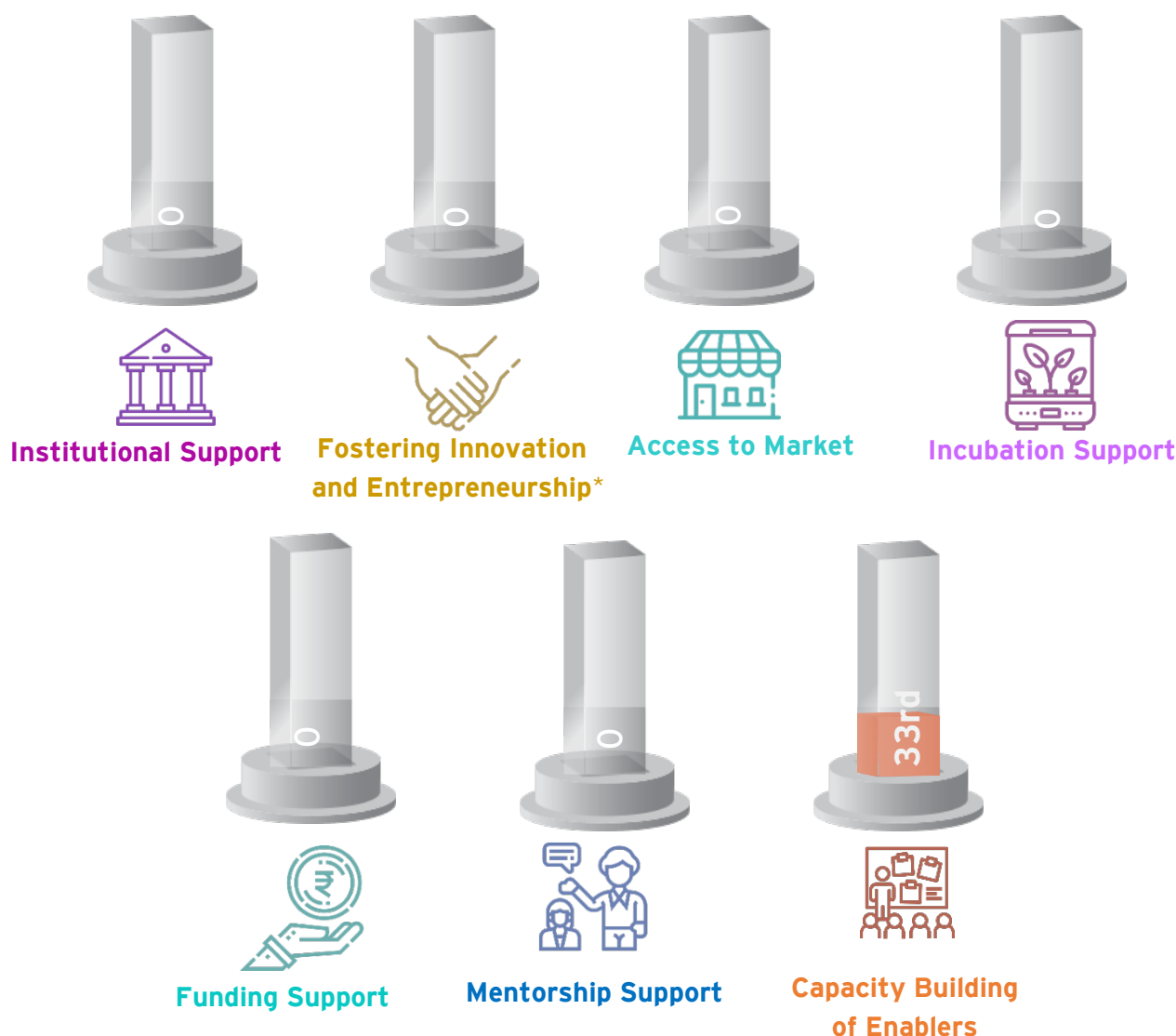## LADAKH

Emerging Startup Ecosystem

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States' Startup Ranking Results 2021

Ladakh has begun the journey towards strengthening its startup ecosystem by showing active participation in 4 Action Points of Startup Ranking Framework 2020. The Union Territory (UT) of Ladakh's performance in each of the Reform Areas has been graphically represented below. Data presented is the percentile score, which is the relative performance of the UT in each Reform Area as compared to other participating States/UT. For example, if Ladakh has a score of 33rd percentile in 'Capacity Building of Enablers' Reform Area, this implies that the UT has scored higher than 33% of the participating States/UTs in that Reform Area.

Institutional Support

Fostering Innovation and Entrepreneurship*

Access to Market

Incubation Support

Funding Support

Mentorship Support

33rd

Capacity Building of Enablers

Ladakh has been evaluated across seven Reform Areas that have a significant contribution towards propelling the startup ecosystem in Ladakh. The UT has shown good performance through 'Capacity Building for Enablers' Reform Area. Detailed analysis with insights into the initiatives taken by the UT to promote its startup ecosystem are discussed in the subsequent sections.
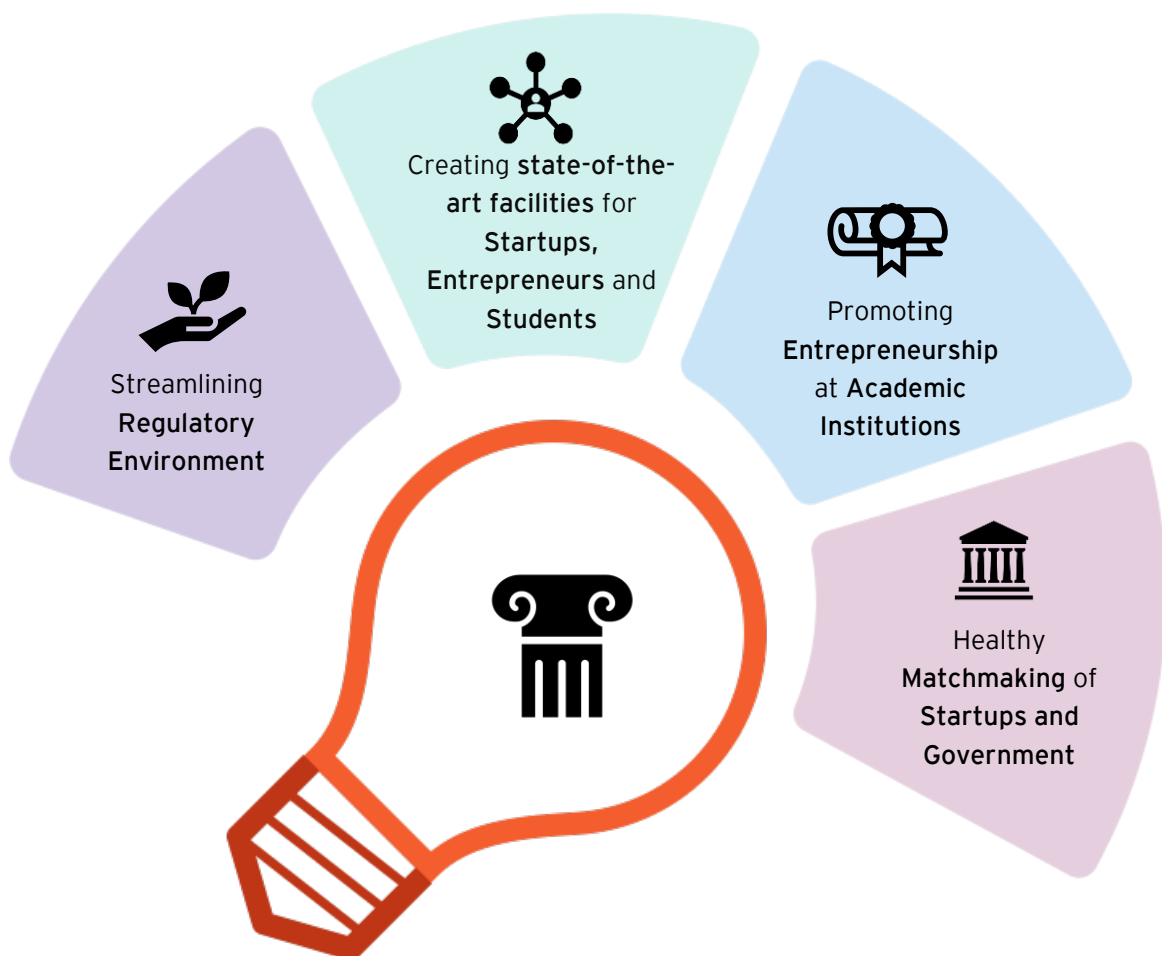
Ladakh Startup Ecosystem

1.1 Introduction

Ladakh, the highest plateau in India, is a new Union Territory formed in 2019. With the average daily global solar radiation in Ladakh as high as 2022 kWh/m2/annum, the enterprising Ladakh Innovation and Startup Policy places great emphasis on promoting sustainable energy. This brings forth an immense opportunity for startups and investors to innovate and take advantage of.

The startup policy has defined its focus in four broad pillars (refer to Figure A).

Figure A: Pillars Of Ladakh Innovation And Startup Policy

1.2 Highlights of Ladakh Startup Ecosystem

The Startups in Ladakh can avail a wide range of benefits from the Government which include financial and non-financial incentives.

Financial Incentives

- ❖ Provision of Startup Monthly Allowance up to **INR 15,000** per month for a year to DPIIT recognized startups
- ❖ Monthly Allowance of **INR 20,000** per month for a year to startups with Founder/Co-Founder as Women/Transgender or SC/ST/SEBC/PH
- ❖ Provision of up to **INR 3 Lakh** for DPIIT recognized startups operating in Ladakh at Minimum Viable Product (MVP) stage
- ❖ Provision of Marketing Expenses up to a limit of **INR 3 Lakh**
- ❖ Provision of free incubation or co-working support of up to **INR 1 Lakh** per year
- ❖ Provision of 50% patent cost reimbursement for startups up to **INR 5 Lakh**
- ❖ 100% subsidy on purchase & installation of Green Energy Solutions such as Solar/Wind Generator, Hybrid Solar Wind System to recognized startups in Ladakh

Capacity Development

- ❖ Dedicated fund with budget of **INR 10 Lakh** to conduct **20 mentorship workshops** per year
- ❖ Budget of **INR 50 Lakh** for creation of the Ladakh Startup portal
- ❖ Incentivized facilitation of Government procurement by conducting Buyer-Seller Meets, Grand Challenges

Academia

- ❖ Recognition of innovative ideas created by students from schools, colleges, and universities with provision of fiscal and non-fiscal incentives
- ❖ Creation of mechanism to enable students, researchers, entrepreneurs, to access research labs and resources available at the academic institutions
- ❖ Creation of **Student Startup Innovation Fund** to provide cash prizes to encourage students

Infrastructure

- ❖ **INR 5 Crore** to establish incubator in districts of Leh and Kargil to provide working space, equipment, office amenities, R&D labs to local startups, students and entrepreneurs
- ❖ Establish two co-working places each in the districts of Leh and Kargil to provide free space to the local entrepreneurs

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 institutionalized support provided to the startups from various State/UT Government departments.

2.1.1 Key Initiatives

The UT of Ladakh has submitted a draft startup policy; wherein the UT has emphasized promoting sustainable energy. Through the policy, the UT aims to provide financial incentives, incentives for capacity development, academic connection, and infrastructure support.

The policy focuses on promoting women entrepreneurs by identifying a woman entrepreneur and providing a monthly allowance of **INR 20,000** per month.

2.1.2 Way Forward

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

Policy Intervention[1]

❖ The UT may support various Government departments to formulate startup-specific policies and rules to support the startup ecosystem, especially in the wake of the COVID 19 pandemic. One such incentive may be the reimbursement of expenses of promotional events conducted by Nodal Institutions which are responsible for nurturing and developing startups.

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

❖ The UT may maintain a database of benefits extended to women entrepreneurs. This will further help in keeping track of the type of support and quantum of support being provided to beneficiaries.

Digital Infrastructure[2]

❖ As mentioned in the startup policy, the UT may develop a startup portal that includes information on startup policy, UT nodal department, and team, a dedicated helpline number, and information on incubators and mentors. The portal may also include information on ways to avail public procurement relaxations, funding support, and departments providing support to startups.

❖ The UT startup portal can provide a step-by-step manual to help startups understand the startup policy as well as how to register on the portal.

❖ In the spirit of inclusivity, the UT may include the feature of language translation in the startup portal to extend its reach to the people fluent in the local language.

❖ The UT may develop a unified web page for issue-based support and handholding of the startups and entrepreneurs. The portal can be developed to include a mechanism for startups to submit requests or grievances on topics such as incubation support, intellectual property rights, regulatory issues, etc. Users can also be provided with the ability to track the issues they have raised through their dashboard, by email, or by a ticket ID.

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[1] Policy Intervention – Actions that involve policy-related engagement by the UT
[2] Digital Infrastructure – 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 Way Forward

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

Policy Intervention

❖ The UT departments may come up with respective policies to support the relevant disruptive technologies to support the startup ecosystem. On the way forward to enhance 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.

❖ 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.

❖ The startup policy emphasizes the need to support local entrepreneurs, in addition, clear incentives for grassroots innovation provided in the startup policy may be provided. The UT may come up with a policy or interventions targeted at these innovations to focus on grassroots and local innovation,

Capacity Development[3]

❖ HEIs play a crucial role in encouraging student entrepreneurship. In this regard, the UT may explore the option of holding virtual workshops and programs in HEIs, which have gained wide acceptance, post-COVID 19. This may help in reaching out to a wider audience and disseminating relevant information regarding startups and related topics.

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[3] *Capacity Development – Actions that involve support extended by the SUT to conduct programs and workshops for ecosystem stakeholders.*

❖ Virtual workshops and programs prove very helpful in regions with restrictions in access because of their terrain and geographical constraints. The UT may focus on designing virtual knowledge support and outreach programs 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 can be developed to help startups avail the relaxations available at the UT and the Central level.

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 Way Forward

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

Policy Intervention

- ❖ The UT may introduce policy measures providing relaxation to startups to encourage startups to participate in public procurement. The UT can also explore the possibility of introducing relaxations in connection with procurements wherein a certain percentage of the total procurement by the UT Administrative Departments and PSUs is reserved for such startups.

- ❖ Relaxation on conditions of prior turnover and prior experience can be given, subject to meeting of quality and technical specifications. Furthermore, exemptions can be given to startups from submission of Earnest Money Deposit (EMD) while participating in Government tenders.

Capacity Building

- ❖ The UT may conduct various programs across Ladakh for connecting startups with relevant Government departments. The different kinds of programs can be GeM workshops, Demo Days, Grand Challenges, Hackathons, Innovation Zones, Buyer-Seller Meets, and Corporate Innovation Programs.

- ❖ The UT may conduct issue-based innovation programs to ignite the spirit of innovation in local entrepreneurs and focus on local solutions to respond to regional challenges. The scope of such programs can be extended to include market access opportunities for local products. All such informational programs conducted should be recorded and made available on the UT startup portal for knowledge dissemination.

- ❖ The startups can be given a product showcase opportunity where the startup can showcase their products to various national and international buyers. The administration may conduct events such as the 'Ladakh Innovation Fair' which showcased products made by private craftsmen and local entrepreneurs.

- ❖ Showcase programs meant for startups can be conducted. They will provide a platform for startups to connect with various buyers and eventually the number of work orders awarded to startups will increase. Considering that Ladakh is not a densely populated region placed at a higher altitude, the UT Government can emerge as an important buyer for startup products.

- ❖ The UT may leverage the now widely accepted virtual format for holding seminars and discussions. In this way, the UT may 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 Way Forward

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

Handholding Support[4]

❖ The UT may set up at least four incubators in the region – one to promote Women entrepreneurship, one to promote technology-oriented startups, one to promote startups in the defense sector, and one to promote local innovation. While the constraints bought by the pandemic have made it difficult to set up new incubators, the UT is advised to explore the possibility of virtual incubation across various districts of the region. The possibility for virtual incubation can be included in the existing incubators as well.

❖ Additionally, support to new incubators can 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 a coterminous basis with power tariff subsidy. The UT can also develop its portal in a way such that startups can connect with incubators through a dedicated incubator dashboard.

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

Capacity Building

❖ The UT may further increase the number of acceleration programs so that more startups can avail its benefits.

❖ The UT may increase the reach of the workshops. The UT can leverage the virtual format for holding seminars and discussions. In this way, the UT may 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 Way Forward

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

Policy Intervention
- ❖ The UT may provide financial assistance to startups in the form of loans and subsidies. The UT can provide startups with a grant or loan for the first three years at a minimum interest rate.

Digital Infrastructure
- ❖ The UT may develop an online mechanism for the disbursement of loans and subsidies ensuring transparency and easing the process of tracking the transactions.

- ❖ The UT administration may maintain an online dashboard by integrating it into the UT startup portal containing details of funding sponsored or supported by the Government.

Capacity Building
- ❖ The UT may conduct quarterly events and programs for funding provisions available to startups. These programs can become the platform for connecting with angel investors and High Networth Individuals. These programs could guide startups on pitch presentations and the various kinds of fundraising options available.

- ❖ The UT may organize programs and workshops for knowledge dissemination about the eligibility and application procedure for receiving funding support through the UT.

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 is 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 Way Forward

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

Handholding Support

❖ The UT may establish the mentorship network to include experts from the relevant sectors, including industry experts, corporates with experience in the required field, people from the financial sector with funding experience, and successful entrepreneurs.

❖ They may further look to engage and connect with mentors outside the UT, at the national as well as international level. The option for virtual mentorship through video calls could be explored to learn from other national and international experiences.

❖ The UT may maintain a list of sector-wise registered mentors. This information may be available through the UT startup portal. A mechanism may be developed where budding entrepreneurs and startups could avail themselves of mentorship support through the startup portal.

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 Way Forward

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

Capacity Building

❖ The UT may conduct quarterly sensitization workshops for Government departments on topics like policy and regulatory environment related to the startup ecosystem of India, UT Governments' role in encouraging entrepreneurship, and insights from national and global best practices.

❖ The UT may train UT-supported incubators through capacity development workshops by collaborating with incubators from other States and UTs to explore mutual learning opportunities. This training can be conducted by industry experts to mitigate operational and functional impediments.

❖ The UT may cover topics related to Intellectual Property Rights (IPR), Business Incubation Model, Designing programs for startups, Setting up virtual incubation services, and Incubator management training for the capacity development of incubators.

❖ The UT may conduct monthly virtual programs spread across various districts to sensitize potential investors on investment in startups. These programs can be knowledge-sharing sessions and one-on-one interactions to facilitate investor connections. With the pandemic affecting investment spirit, these programs may be designed to channel investment from within the community to support local innovators sustainably using local resources.

❖ The UT may document the details of the workshops and programs conducted in terms of the record of discussion and detailed participation records of the stakeholders.
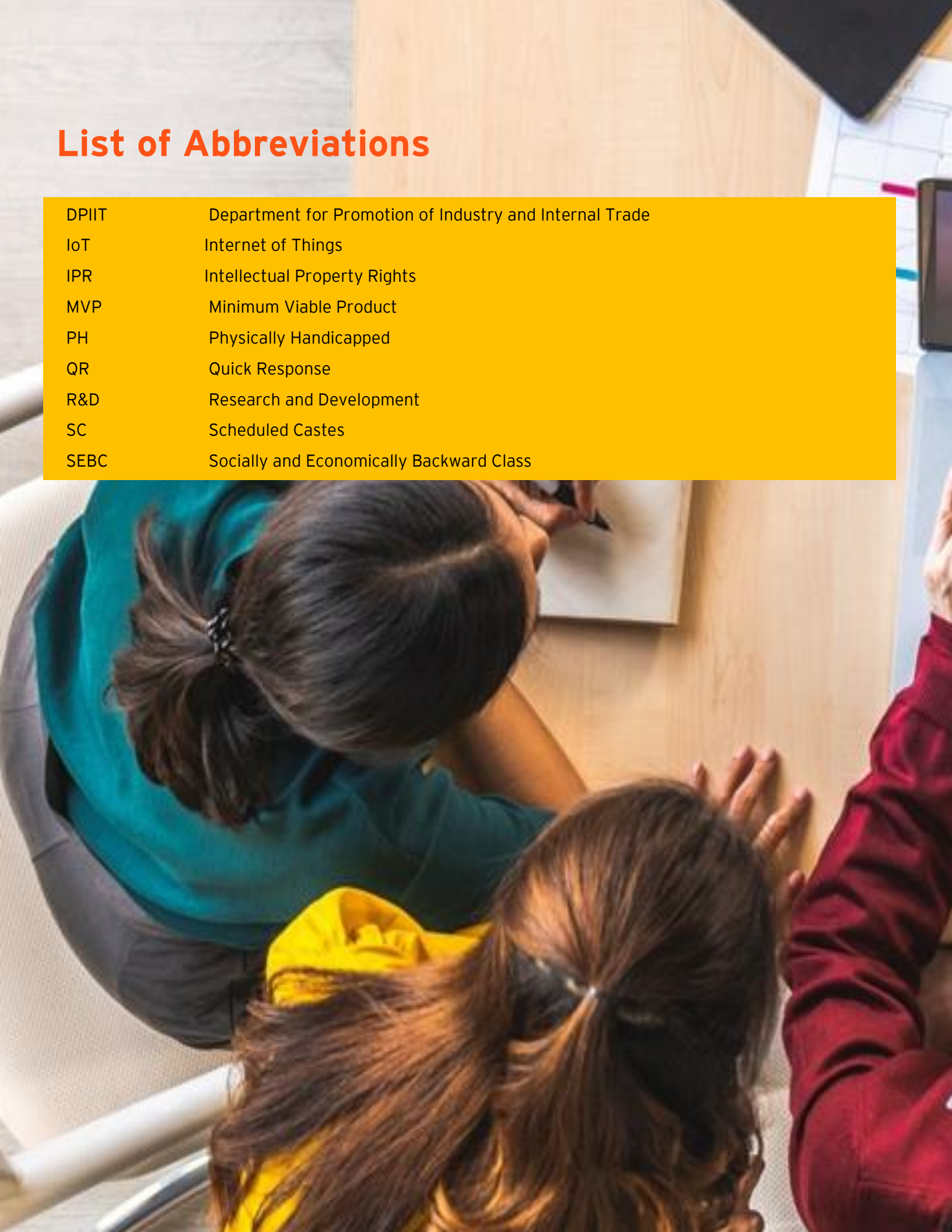
List of Figures

List of Abbreviations

DPIIT	Department for Promotion of Industry and Internal Trade
IoT	Internet of Things
IPR	Intellectual Property Rights
MVP	Minimum Viable Product
PH	Physically Handicapped
QR	Quick Response
R&D	Research and Development
SC	Scheduled Castes
SEBC	Socially and Economically Backward Class

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