

Performance Evaluation of Startup Odisha Policy

Anubhab Patnaik, Srinivas Subbarao Pasumarti, Bhagirathi Nayak



Abstract: *The startup Odisha policy was launched in state with a view to provide a platform for innovation and technological enhancement as well as an effective way for generation of employment through minimal investment. The vision was to bring in the ideas which can be transformed into scalable enterprises and at the same time support as an essential way to provide employment opportunity to the skilled youth of Odisha. For the success of the policy the government initiated many introductory steps which include the introduction of a separate agency to provide conducive environment for startups and empower startup to excel through innovation & design and at same time took initiatives to create a world-class ecosystem too, for the same purpose incubation centers were establishment and provided with necessary fund for accelerators. This paper gives an insight on the different steps taken towards establishment of startup enterprises and an account of achieved out come in the form of employment generation in due course of time.*

Key Words: *Startup, Startup Odisha policy, Initiatives, Incubation center, Employment*

I. INTRODUCTION:

The campaign for startup India was first announced by prime minister on 15 august 2015 during his address from red fort and the Odisha startup policy was introduced by the government of Odisha on 29 august 2016. The Odisha startup policy gives a very clear idea about the mission, vision and mandates which are needed for an enterprise to be recognized as a startup. The startup policy of Odisha is designed for five years from the date of notification or until replaced by another policy whichever is earlier (Odisha, Odisha Startup Policy 2016, 2016). Even to encourage innovation and to bring ideas to a scalable level government provides different schemes through which funds can be availed by new startups and even to provide support and assistance to such startups government provides monthly allowance for a period 12 months (Odisha G. o., Startup Policy 2016 with Amendements & operational Guidelines, 2018). But what attracts more is the outcome from such policy in the shape of both establishment of startup enterprises and employment generation in the due course of time.

Objectives:

1. To study the important aspect of the Odisha startup policy and its implementation
2. To analyze the impact of the policy in creation of startup enterprises and employment generation

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Odisha Startup Policy:

Definitions of a Startup: “Startup is an entity involved in crafting repeatable and scalable product or service making a positive impact in the society, where the solution is not obvious and success is not guaranteed” (Odisha G. o., Startup Policy 2016 with Amendements & operational Guidelines, 2018). A start-up is an entity, incorporated or registered in India less than five years ago with an annual turnover of up to Rs 25 crore in any preceding financial year, It has to work towards innovation, development, deployment or commercialization of new products, processes or services driven by technical or intellectual property. (Das, 2016) The government of Odisha had a vision to introduce a holistic ecosystem for the existing as well as for coming startups and establish itself as top three startup hub in the country. And for the same in due course of time it introduced many new concepts like accelerators, incubators, nodal agency setup, startup Innovation Park and many more to give a forward push for creation, growth and development of startups in the state. The state government also proposed a venture investment Rs.10crores in form of equity, made in new or untried concepts, promoted by a technically or professionally qualified entrepreneur for fulfillment of capital needs of startups (Odisha M. , 2016-2017).

II. Changes of Startup policy 2016

Many needed changes to the existing Odisha Startup Policy 2016 made it extremely attractive for young entrepreneurs to start their startup enterprises in the state. Changes which include sustenance allowance of INR 20,000 per month and monetary assistance up to Rs 15 lakh for new product development and marketing, to a more simplified registration process and at the same time the emphasis is on ease of starting up. This changes were made keeping in mind the expectations of the startup entrepreneurs and need to make the process of startup establishment easier. The state cabinet also announced a special session of the assembly to ratify the GST Bill, which has been passed by both houses of Parliament and needs approval from half the state assemblies. (Mohanty, 2016) Unique method of one-page registration form with strict time-based assessments and disbursal of benefits introduced, with compliance regime based on self-certification, made it a easy recognition process based on trust where due diligence is done only when required – these and other similar measures are aimed at reducing the challenges for budding entrepreneurs. (Goswami, 2017). In last one year around 233 startup initiatives was registered in 39 different sectors with a monthly average of 20 startup per month (Saikia, 2018).



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Odisha aims to emerge as one of the country's top three startup hubs by 2020, and to facilitate at least 1,000 startups over the next five years. (Mannan, 2018).

Growth of Startup's in Odisha

Categories of Startup's in the State of Odisha

As like any other policy, the startup Odisha policy not only meant to bring out innovation and fill the market need but also to generate employment too. Table 1.1 gives a detail view on the different categories of startups operating in the state and Figure 1.1 is the graphical representation of the tabled data

Table 1.1 Category of Startups operating in the State of Odisha

	Frequency	Percent	Valid Percent	Cumulative Percent
Advertising	2	.8	.8	.8
Aeronautics/Aerospace And Defense	1	.4	.4	1.3
Agriculture	13	5.5	5.5	6.8
AI	1	.4	.4	7.2
Analytics	3	1.3	1.3	8.4
AR/VR –Augmented + Virtual reality	2	.8	.8	9.3
Art And photography	3	1.3	1.3	10.5
Automotive	2	.8	.8	11.4
Chemicals	2	.8	.8	12.2
Construction	1	.4	.4	12.7
Dating/matrimonial	1	.4	.4	13.1
Education	8	3.4	3.4	16.5
Enterprise Software	7	3.0	3.0	19.4
Events	4	1.7	1.7	21.1
Fashion	1	.4	.4	21.5
Finance Technology	2	.8	.8	22.4
Food And Beverages	16	6.8	6.8	29.1
Green Technology	10	4.2	4.2	33.3
Healthcare And Life Sciences	25	10.5	10.5	43.9
House-Hold Services	4	1.7	1.7	45.6
Human Resources	3	1.3	1.3	46.8
Internet Of Things	9	3.8	3.8	50.6
IT Services	47	19.8	19.8	70.5
Marketing	5	2.1	2.1	72.6
Media And Entertainment	2	.8	.8	73.4
Others	17	7.2	7.2	80.6
Paper Bag Industry	1	.4	.4	81.0
Pets And Animals	1	.4	.4	81.4
Professional And Commercial Services	2	.8	.8	82.3
Renewable Energy	8	3.4	3.4	85.7
Retail	8	3.4	3.4	89.0
Robotics	2	.8	.8	89.9
Security Solutions	2	.8	.8	90.7
Social Impact	3	1.3	1.3	92.0
Technology Hardware	5	2.1	2.1	94.1
Telecommunication And Networking	2	.8	.8	94.9
Textiles And Apparel	5	2.1	2.1	97.0
Transportation And Storage	3	1.3	1.3	98.3
Travel And Tourism	4	1.7	1.7	100.0
Total	237	100.0	100.0	

Source: Startup Odisha website

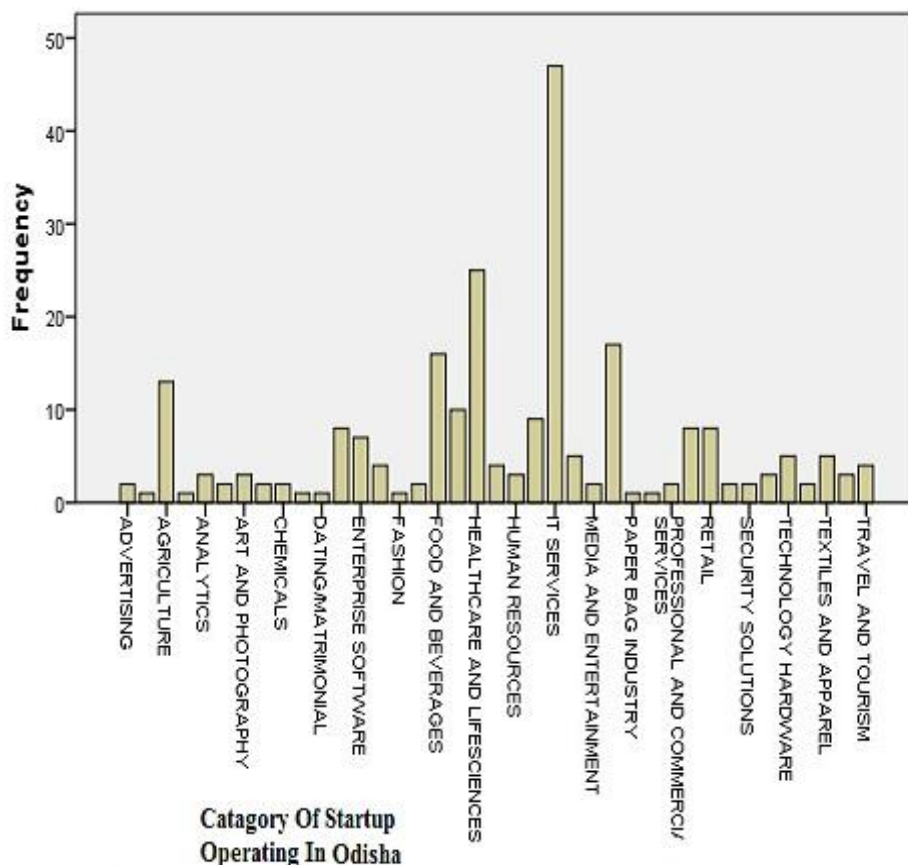


Figure 1.1

Source- Startup odisha Web site

Figure 1.1 Category of Startups operating in Odisha

In the following figure it can be clearly seen that startups based on IT services are established in highest number followed by Healthcare and Food Beverages category. Over all 40 categories of industry are operational in the state till date. It is clearly visible from the establishment that the state of Odisha has potential in many other categories and which will come into existence in due course of time. Another category agriculture or agro based startup which has potential is also taking pace and there is huge scope of such kind of startup in a state like Odisha. The state government is also keeping a keen eye on the development of different product based startups and also taking necessary steps in providing necessary support to startups from time to time. Necessary subsidy as well as monthly allowance and assistance are provided to encourage more people to come forward and give a boost to the existing startup entrepreneurs as well.

The government has taken adequate steps for mentoring purpose and for which there incubation centers are established and overall 7 recognized incubators in the state. The incubators not only provide mentoring support but also help the new startups in functioning but also help them in getting necessary clearance and certifications for commercializing there product or service.

III. Location of Startup in Different Districts of Odisha

Location of a startup plays an important role, it was previously a trend that the preferred locations are tire-1 and tire-2 cities but the things are very different in Odisha. The Table 1.2 gives a detail account on the location of startups in different

Table 1.2 Startups Operating In Different Districts of Odisha

	Frequency	Percent	Valid Percent	Cumulative Percent
Angul	2	.8	.8	.8
Baragarh	1	.4	.4	1.3
Bhabanipatna	1	.4	.4	1.7
Bhadrak	1	.4	.4	2.1
Bhubaneswar	6	2.5	2.5	4.6

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Bolangir	1	.4	.4	5.1
Cuttack	13	5.5	5.5	10.5
Ganjam	6	2.5	2.5	13.1
Jagasinghpur	2	.8	.8	13.9
Jajpur	2	.8	.8	14.8
Jharkhand	1	.4	.4	15.2
Jharsuguda	1	.4	.4	15.6
Kendrapada	2	.8	.8	16.5
Kendrapara	1	.4	.4	16.9
Keonjhar	2	.8	.8	17.7
Khurda	154	65.0	65.0	82.7
Koraput	1	.4	.4	83.1
Mayurbhanj	3	1.3	1.3	84.4
Nayagarh	1	.4	.4	84.8
Other state	22	9.3	9.3	94.1
Puri	3	1.3	1.3	95.4
Sambalpur	6	2.5	2.5	97.9
Sundargarh	5	2.1	2.1	100.0
Total	237	100.0	100.0	

Source: Startup Odisha website

districts in Odisha and Figure 1.2 is the graphical representation of the tabled data. In the following figure it is clearly seen that khurda district registers for the highest number of startup established. There are 23 startups which are operating out of state but are recognized as startups of Odisha. The reason behind recognizing such startups is, there is a policy which says that any startup which has one or more promoters who are resident of Odisha or if the startup employees 50% or work workers from Odisha then they are recognized as startups even though they are operating outside the state. Apart from Khurda district, the districts of Cuttack, Sambalpur and Sundargarh have high presence of startups. But it is also highlighted that interior districts and tribal districts have marginal or no presence of startups, government should workout advance plans to attract startup entrepreneurs to start new startups in this districts in future.

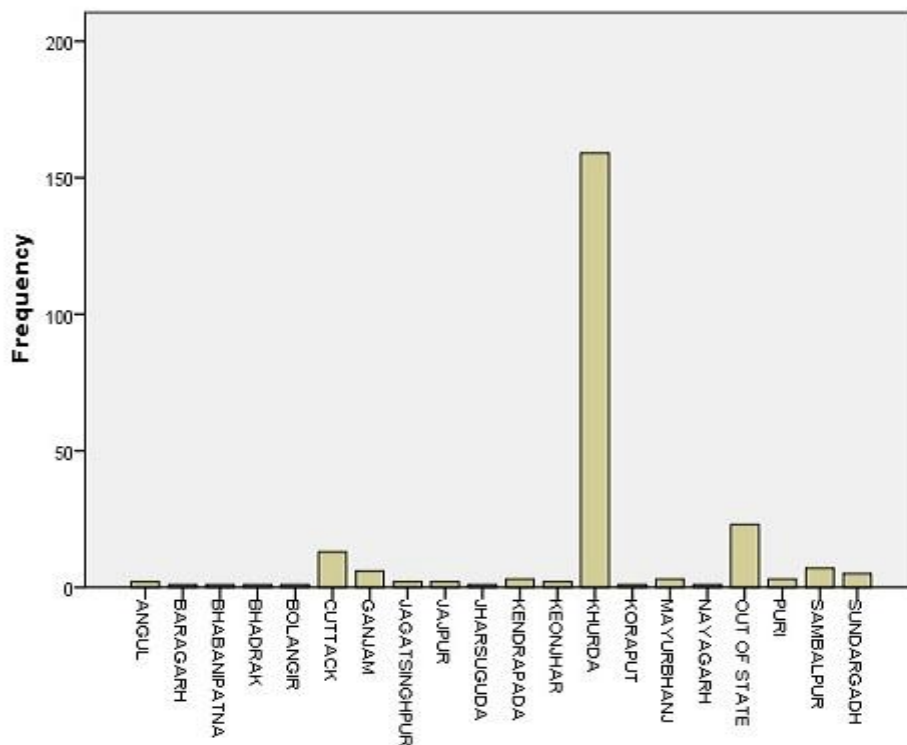


Fig 1.2 Location Of Startup In Different Districts of Odisha

Source Startup Odisha Website

Figure 1.2 Location of startups in different districts of Odisha

IV. Year Wise Registration of Startup’s in Odisha

The startup policy of Odisha was introduced in the month of august 2016 in the state; the table 1.3 gives a detail account of the year wise registration of startup in the state and figure 1.3 is the graphical representation of the tabulated data.

Table 1.3 Year Wise Registration of Startups in Odisha

	Frequency	Percent	Valid Percent	Cumulative Percent
2012	6	2.5	2.5	2.5
2013	13	5.5	5.5	8.0
2014	16	6.8	6.8	14.8
2015	33	13.9	13.9	28.7
2016	61	25.7	25.7	54.4
2017	88	37.1	37.1	91.6
2018	20	8.4	8.4	100.0
Total	237	100.0	100.0	

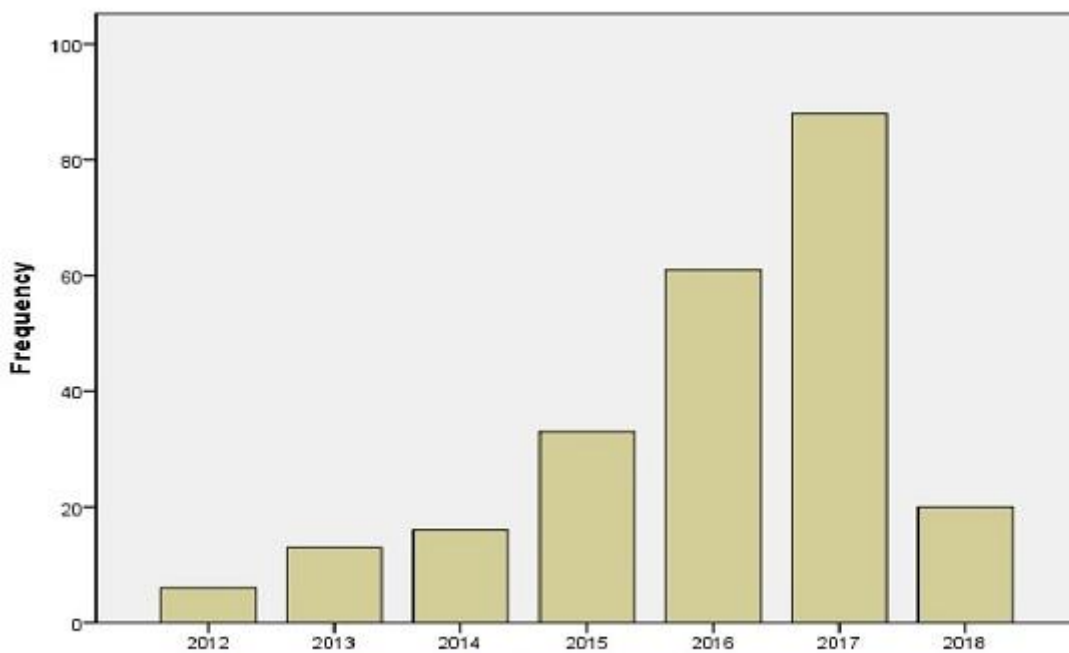


Fig 1.3 Year Wise Registration Of Startup's In Odisha

Source Startup Odisha Wesite

Although the startup policy was introduced in the year 2016 but startup enterprises were operational in the state since 2012 and which are recognized as startups by the state. In the following figure it is very clear that there is consistent rise in registration of startups. The highest numbers of startups are registered in the year 2017, and in the year 2018 within few months the registration has seen an up rise already and surly it can be assumed to surpass the last year’s number.

Role of Startup Enterprises in Employment Generation

Employment which is one of the basic need from startup enterprises need to be addressed, till date the startups in Odisha has generated an employment of 2000+ employees and it is predicted to reach 3000 within next few months. But the real question is whether this is the anticipated out come as other states whose startup policy was introduced in the similar time period are doing better in employment generation. The other area which needs attention is in development of product based startups which the state of

Odisha lacks. Although large numbers of startups are operating in the state but out of them a majority of startups are service based and for which only few number of employments are successfully generated. The government should take necessary steps to bring forward product based startups enterprises in near future and for which government needs to design attractive schemes as well as establish centers and labs exclusively for product development and testing. Currently most of the product based startups are operating in the agro based, food beverage and textiles, the government should make it sure that other product based startups should come forward too in the future.

Preferred Employees in Startup Enterprises in Odisha

Although startup’s in the early stage are sufficient with very few employees, but in due course of time requires employees for different functioning.



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Even service base startups hire employees at high number. The health base startups which run labs for testing there product to hire large number of employees.

Most of the startup prefers graduates and technical graduates and in some the need for post graduates. The startup organizations are also very successful in attracting fresh graduates as they bring in new ideas to the organization. There are certain startup's which provide internships to students to create scope for new people to understand the working of a startup.

V. CONCLUSION

The overall development and growth of the startups in the state of Odisha is very good and highest number of startup's have registered in the year 2017, but unfortunately the IT service sector which has a very large presence of startups in the state is witnessing a increase which may create problem for survival of startups in long run as the market is shared by large number of players in the same category. The remote and tribal districts which has least presence of startup have huge potential for startups in future which not only help them in solving problems but also provide technical advantage to the people in the district. The state which has huge presence of forest and herbal products needs certain startups which can help in bringing these products to large mass of people. Another area which can be considered for future startups is agro based equipment manufacturing and restoration category can serve as good innovation based startups in the state. As declared by the central government there will be specific subsidy and waivers for startups based on defense, but in Odisha there is no presence of defense based startups and both the state and central government should take steps in attracting startup entrepreneurs in this area too.

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