

# CONCEPT NOTE

NAGALAND DEPUTY COMMISSIONERS CONFERENCE 2025

**Sub-theme: Strengthening Start-Up Ecosystem**

# Concept Note on Strengthening of Startup Ecosystem

## 1. Name of the Topic

### “Strengthening Startup Ecosystem in Nagaland”

## 2. Introduction

The startup ecosystem is a critical driver for employment generation, innovation, and economic diversification. Nagaland, with its unique demographic strengths and untapped indigenous potential, is well-positioned to foster a vibrant entrepreneurial landscape through inclusive policy, infrastructure support, and ecosystem collaboration.

## 3. Current Situation

The Startup Nagaland initiative has recognized five incubators, disbursed seed funds, supported women and PwD entrepreneurs, and initiated collaborations with national institutions like IIT Bombay and Paytm. There has been an increase in youth-led and women-led startups, particularly in sectors like food processing, handicrafts, logistics, and green innovation.

## 4. Policy Gaps & Challenges

- Lack of localized early-stage funding and angel investors
- Limited awareness and access to national startup schemes and venture capital
- Absence of district-level incubation support and mentorship
- Regulatory bottlenecks in enterprise registration, licensing, and compliance
- Infrastructure gaps such as logistics, internet connectivity, and storage

## 5. Potential Solutions

- Decentralize incubation support to districts through Mini Incubation Hubs
- Strengthen coordination with banks and NABARD for credit linkage
- Enable faster approvals and single-window facilitation for startups
- Build capacity among DCs and district officials for startup facilitation
- Incentivize local entrepreneurs through targeted grant schemes

## 6. Best Practices

- **StartUp Incubation Model** with Incubators with district outreach and mentorship
- **Entrepreneurship Development Centers (EDC)** - Incubators have started implementing EDC at Educational Institutes.
- **Startup Green Innovation Challenge** – incentivizing eco-sustainable solutions
- **Women Entrepreneurship Cohorts** supported through fellowship models
- **PwD Entrepreneurship Competition** – enabling inclusive entrepreneurship

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## 7. Priority Areas

- Enhancing rural entrepreneurship and value-chain based startups
- Developing district-level incubation ecosystems
- Bridging digital divide and enabling market access
- Strengthening convergence with Skill Development, Agriculture, and MSME departments

## 8. Emerging Sectors

- Agri-tech and food processing
- Green innovation and circular economy
- Local logistics and e-commerce
- Rural tourism and cultural enterprises
- Handmade textiles and indigenous craft businesses

## 9. Way Forward – Strategy for Implementation

- Establish **District Startup Task Forces** chaired by DCs to localize implementation
- Organize **District Startup Yatra** to identify and support grassroots innovators
- Partner with incubators and academic institutions to mentor district-level startups
- Allocate dedicated district budget under Startup Nagaland for project-based support
- Integrate startup metrics into district-level governance dashboard

Strengthening the startup ecosystem requires a whole-of-government approach rooted in decentralization, convergence, and innovation. By empowering DCs as facilitators of local entrepreneurship and aligning district resources, Nagaland can nurture a resilient economy driven by startups.

# Concept Note on Strengthening of Startup Ecosystem

## Topic:

**“Promoting Innovation in Economy and Governance with Special Reference to the Startup Nagaland Ecosystem”**

## Introduction:

Innovation lies at the heart of economic transformation and effective governance. In the context of Nagaland, where the economy is transitioning from traditional sectors to modern, service- and knowledge-driven domains, the role of **startups and local entrepreneurs** has become increasingly important. The **Startup Nagaland ecosystem**, launched under the Startup India initiative, represents a strategic effort to empower youth, promote grassroots innovations, and improve public service delivery through technology and entrepreneurial thinking.

## Current Challenges in the Startup Ecosystem:

1. **Limited Innovation Infrastructure**
  - o Absence of dedicated **innovation hubs, tech incubators, and research–industry linkages** in most districts.
  - o Lack of co-working spaces, R&D labs, and testing facilities for prototyping and product development.
2. **Fragmented Governance and Support Mechanisms**
  - o Multiple schemes across departments with **poor inter-departmental coordination and limited convergence**.
  - o Bureaucratic delays and regulatory burdens discourage young entrepreneurs.
3. **Gaps in Market and Investment Access**
  - o Most startups struggle to connect with **larger markets, investors, and customers** outside the region.
  - o Absence of local venture capital networks and minimal exposure to global entrepreneurship trends.
4. **Skilling and Mentorship Deficits**
  - o Need for a structured pipeline of **entrepreneurial capacity building**, especially at the school and college level.
  - o Shortage of **domain-specific mentors, incubator managers, and technical advisors** in remote districts.

## Proposed Strategies and Solutions:

### 1. Startup-Government Convergence for Innovation in Governance

- Launch of **GovTech Challenges** to crowdsource innovative solutions for local governance problems from Nagaland-based startups (e.g., solid waste management, e-health, logistics, citizen feedback).
- Establish **Innovation Cells** in DC offices to liaise with the Startup Nagaland team and pilot technology-based governance interventions.

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## 2. Strengthening the Startup Nagaland Ecosystem

- Operationalize the **Startup Nagaland Incubation Centre** and replicate its model in key districts.
- Develop a **statewide Innovation and Startup Policy 2.0**, including incentives for social enterprises, green startups, and women-led startups.

## 3. Digital Platforms and Integration

- Expand and enhance the **Startup Nagaland Portal** as a one-stop solution for:
  - Registration, scheme application, mentorship bookings
  - Legal and tax compliance resources
  - Market linkages and e-commerce onboarding

## 4. Promoting Entrepreneurial Innovation in the Economy

- Encourage agri-tech, handloom-tech, and tourism-tech innovations by providing sector-specific seed grants and exposure visits.
- Leverage **ONDC** and **GeM** to integrate local products with national supply chains.
- Introduce a “**District Innovation Index**” to rank districts based on startup activity, digital governance adoption, and innovation in public service delivery.

## 5. Innovation in Education and Capacity Building

- Promote **entrepreneurship education** through integration with school curriculum, innovation clubs, and hackathons.
- Collaborate with academic institutions and local innovators to run district-level **startup boot camps**, especially targeting tribal youth and women.

# Investment and Development Authority of Nagaland (IDAN)

## Unlocking the Potential of Creative Economy and Entrepreneurship: *Strengthening the Start-up Ecosystem in Nagaland*

**Date:** 19<sup>th</sup> May 2025

### 1. Introduction

The North-Eastern State of Nagaland has long been celebrated for its cultural diversity, indigenous traditions, and vibrant creative expressions. As India moves toward a knowledge-based and innovation-led economy, states like Nagaland hold unique potential to leverage their cultural capital into tangible economic growth. The creative economy—which includes sectors such as traditional crafts, design, music, agro-enterprise, digital content, and tourism—is emerging globally as a powerful engine for inclusive development, youth engagement, and job creation.

The Investment and Development Authority of Nagaland (IDAN), established as the State's investment promotion agency, is entrusted with the task of building a sustainable and future-ready ecosystem for entrepreneurship. Recognizing the rapid rise of youth-driven innovation and the need to foster start-up growth at the grassroots level, this report outlines a holistic, strategic framework for unlocking Nagaland's start-up potential—particularly in the creative economy.

### 2. Context and Rationale

Nagaland has witnessed growing interest in entrepreneurship in recent years. However, most enterprises remain micro or informal due to structural challenges such as limited access to finance, weak market linkages, inadequate incubation infrastructure, and poor business literacy. First-generation entrepreneurs—who comprise roughly 10-15% of the State's business population—require handholding and ecosystem support at every stage, from ideation to market entry.

With the creative sector providing natural alignment with Nagaland's cultural heritage and community-based strengths, fostering start-up growth in this area is not only economically prudent but also socially inclusive. The rationale for IDAN's targeted intervention is threefold:

- **Economic Diversification:** Creative enterprises offer low-barrier entry points and can diversify the rural economy.
- **Youth Employment:** A structured start-up ecosystem can unlock employment for thousands of educated but unemployed youth.

- **Women Empowerment:** The creative economy allows for women's participation in entrepreneurship through culturally embedded practices.

### 3. Objectives

- To strengthen the enabling environment for start-ups in the creative economy and related sectors.
- To bridge existing gaps in finance, infrastructure, skills, and mentorship.
- To formalize, scale, and promote innovative businesses from rural and tribal communities.
- To attract both public and private investments to the start-up ecosystem in Nagaland.
- To ensure equitable participation, particularly of women, youth, and marginalized communities.

## 4. Current Start-up Landscape in Nagaland

### 4.1 Strengths

- A naturally creative and entrepreneurial youth population.
- Strong cultural capital and traditional industries in handlooms, handicrafts, food, and music.
- Existing policy interventions including the Nagaland Start-Up Policy, Export Facilitation Cell, and incubation centres.
- Supportive development partnerships with organizations like SIDBI, GiZ, UNDP, and IIFT.

### 4.2 Challenges

- **First-generation entrepreneurship:** 95% of Naga entrepreneurs are new to business with limited regulatory and financial knowledge.
- **Limited Credit Flow:** Annual credit disbursement for MSMEs capped at ₹400 Cr since 2013 due to flawed planning.
- **Infrastructural Deficits:** Absence of district-level incubators, warehousing, and export aggregation facilities.

- **Access to Market:** Poor integration into e-commerce platforms and limited national/international exposure.
- **Weak Policy Convergence:** Fragmented implementation of schemes and limited ease-of-doing-business support.

### 4.3 Implementation Gaps

While the policy framework exists, its **on-ground implementation remains uneven**. Common challenges include:

- Delays in establishing and operationalizing promised incubation centres and Start-up Cells across districts.
- Lack of regular monitoring and evaluation mechanisms to track the policy's impact.
- Limited disbursement of benefits under schemes such as seed funding, incentives, or reimbursements due to procedural bottlenecks.

#### Limited Awareness and Outreach

Many aspiring entrepreneurs, particularly in semi-urban and rural areas, **remain unaware of the provisions** and benefits available under the state's start-up policy:

- Poor communication and outreach strategy.
- Lack of localized orientation programs or awareness campaigns.
- Underutilization of digital platforms for policy dissemination.

#### Access to Finance Remains a Barrier

Despite provisions in the policy for funding support:

- Many start-ups struggle to meet the eligibility or documentation criteria.
- Delays in fund release due to administrative red tape or limited departmental bandwidth.
- Absence of state-level risk capital, angel networks, or venture funds tailored to local start-up realities.

#### Coordination and Institutional Support

There is **inadequate coordination among the key implementing bodies**, including departments, financial institutions, and support organizations:

- Fragmented implementation reduces efficiency.
- The Start-up Nodal Agency often lacks adequate human resources, budgetary support, or authority to fast-track processes.
- Weak linkage between academic institutions, industry mentors, and start-up hubs.

### **Infrastructure and Ecosystem Deficiencies**

- The number of functional incubators, co-working spaces, and fab labs is still limited and concentrated in a few urban locations.
- Connectivity issues, power outages, and poor logistics continue to affect tech-enabled and product-based start-ups.
- Need for sector-specific support (e.g., for agri-tech, crafts, tourism) to tap into Nagaland's unique potential.

### **Capacity Building and Skill Gaps**

While the policy emphasizes entrepreneurship development, there is a **lack of structured training and mentoring programs**:

- Many start-up founders lack business development, legal compliance, and marketing skills.
- Entrepreneurship education is not yet integrated at scale in schools or higher education institutions.
- Limited availability of experienced mentors, especially in rural districts.

### **Sociocultural and Mindset Challenges**

- Entrepreneurship is still not widely seen as a preferred career choice, particularly when compared to government jobs.
- Risk aversion and lack of family or community support can discourage potential start-up founders.
- Women and tribal entrepreneurs face additional societal and structural barriers.

## 5. IDAN's Strategic Interventions and Pilot Successes

Over the past three years, IDAN has launched a number of high-impact pilot projects to address ecosystem gaps. These include:

- **WENN (Women Entrepreneurs Network Nagaland):** Launched with GiZ under the Her&Now program, this initiative led to the creation of a peer learning and mentoring network that now operates across districts, empowering aspiring women entrepreneurs.
- **Innovation Centre, Kohima:** Developed with Start-Up Nagaland, this centre provides incubation, skill training, access to markets, and investor linkages for early-stage start-ups.
- **Swavalamban Connect Kendras (SCKs):** These one-stop centres located in every district assist entrepreneurs with business planning, loan counselling, and compliance documentation (GST, PAN, Udyam, etc.).
- **Export Facilitation Cell (EFC) through YellowChain:** Conducted training for Nagaland's entrepreneurs at IIFT Kolkata, preparing them for export-readiness and quality compliance.
- **COFU Centralized Credit Platform:** This NGO-partnered initiative ensures real-time grievance redressal, loan monitoring, and transparency in financial disbursements.

## 6. Key Pillars of the Proposed Strategy

### 6.1 Policy and Governance

- Finalize and notify a comprehensive Start-Up Policy and Civil Aviation Policy.
- Develop a centralized online portal to integrate registration, compliance, and grievance redressal.

### 6.2 Infrastructure and Incubation

- Expand existing Innovation Centres to all districts.
- Strengthen EDCs (Entrepreneurship Development Centres) within colleges to catch talent early.
- Establish Creative Start-Up Hubs co-located with higher education and skill institutions.

### 6.3 Access to Capital

- Implement CMMFI to offer capital subsidy up to 30% and 6-month moratorium on repayments.

- Support collateral-free loans under CGTMSE with state-funded guarantee fees for the first year.
- Launch Creative Enterprise Fund through public-private partnerships and CSR.

#### 6.4 Capacity Building

- Run district-wise entrepreneurship orientation camps.
- Facilitate long-term handholding through local mentor networks.
- Integrate entrepreneurship into high school and college curricula through partnerships with NBSE and academic institutions.

#### 6.5 Market Access and Branding

- Create a ‘Made in Nagaland’ e-commerce and export brand.
- Facilitate listing of local products on major digital platforms (Amazon Karigar, Tribes India, GeM).
- Support participation in expos, fairs, and B2B meets nationally and internationally.

### 7. Projected Outcomes (2025–2027)

| Indicator                 | Target       |
|---------------------------|--------------|
| Start-Ups Supported       | 250+         |
| Entrepreneurs Trained     | 5,000+       |
| Investment Mobilized      | ₹30 Cr+      |
| Livelihoods Created       | 15,000+      |
| Women/Rural Participation | 20% Increase |

### 8. Stakeholder Engagement and Scheme Convergence

#### Stakeholders

- **Government Departments:** Industries & Commerce, Tourism, Art & Culture, MSME, IPR, Education
- **Financial Institutions:** SIDBI, Banks, NBFCs, PMEGP, CGTMSE

- **Development Partners:** UNDP, GIZ, NABARD, IIFT, NECTAR
- **Private Sector & Academia:** NGOs, tribal federations, universities, entrepreneurs' collectives

### **Converging Schemes**

- Start-Up India Seed Fund Scheme
- PMEGP, ASPIRE, SFURTI, RAMP
- DPIIT's SIPP and IP Facilitation Programs
- MSE-CDP, ESDP, and Tool Room Development under MoMSME

## **9. Roadmap and Implementation Strategy**

**Year 1 (2025):** Finalize policy frameworks, expand Innovation Centres, initiate pilot projects in additional districts, launch CMMFI and E-Commerce Accelerator.

**Year 2 (2026):** Scale operations across 16 districts, institutionalize mentor networks, develop 'Made in Nagaland' brand strategy, mobilize investment and partnerships.

**Year 3 (2027):** Host Global Nagaland Start-Up Summit, publish ecosystem impact report, mainstream start-up education in schools and colleges.

A dedicated Project Management Unit (PMU) under IDAN will oversee monitoring, evaluation, and course correction.

## **10. Conclusion**

Nagaland's start-up ecosystem is at a critical inflection point. With a vibrant youth population, strategic policy intent, and successful pilot experiences, the state is well-placed to lead a creative economy revolution in the North-East. IDAN's commitment to inclusive, innovation-led development will drive the next chapter of growth and resilience in Nagaland's entrepreneurial journey.