



Concept Note
Building Prolific Entrepreneurship Ecosystems in ASEAN
Insights from India

First Online Roundtable on Incubators as Catalysts of Innovation

Date: 30 June 2021

Time: 2:30 - 4:00 pm, IST / 4:00 - 5:30 pm, WIB

Registration Link: <https://www.eventbrite.com/e/incubators-as-catalysts-of-innovation-tickets-160162294735>

Background of Study

This study is conducted by CIIE.CO and ERIA. The purpose of the study is to open collaboration and peer learning between India and ASEAN as well as share knowledge and relevant tools to entrepreneurship ecosystems in the South Asian region.

As part of this study four open virtual roundtables will be conducted with thought leaders and relevant industry experts from India and ASEAN. Each of the roundtables will be based on a theme which is relevant and important for the Indian entrepreneurship ecosystem, with the first roundtable focusing on incubators.

Objectives of the Roundtable

With this first of the series roundtable we aim to introduce the Indian innovation ecosystem and share relevant experiences for and from ASEAN, from the lens of startups as well as policy. We would be covering the following topics in our moderated discussion:

- Developments in the innovation ecosystem and any major milestones
- Future trajectory of these ecosystems
- Features of the ecosystem that differ from those of developed countries
- Missing elements with reference to policy support (overall / specific policy)
- Disruption through COVID-19 in the ecosystem

Outcome of the Roundtable

Based on the roundtable discussions and secondary research, a policy brief will be published which can be used by policymakers, investors, incubators and other ecosystem stakeholders, to design and implement actionable policy interventions.

The Incubation Ecosystem in India

In 2020, India was home to over 50,000 startups with an expected growth rate of over 12% annually (Startup India, n.d). Additionally, India is home to over 350 incubators and accelerators, covering around 100 different cities, with this number set to increase exponentially in the coming years (NASSCOM, 2020). A NASSCOM (2017) study placed India third globally (in terms of number of incubators), however India is far behind the leaders, with China having over 2,400 incubators and the US having over 1,500 incubators. Furthermore, global incubators have a higher rate of success than their Indian counterparts. This can be evidenced by the fact that none of the major exits and valuations of startups in India are from incubator programmes (NASSCOM, 2020).

Around 260 incubators in India are being backed by the government (Rault & Matthew, 2019) and around 13 government departments are assisting incubators (Sharma & Vohra, 2020). Given the government's influence / support of incubators, it is important to explore the policy landscape for the incubator ecosystem with insights and recommendations from relevant stakeholders.

Overview of Main Policies

In India, evidence of an incubation structure can be found as early as 1955 in the setting up of National Small Industries Corporation (NSIC) by the Ministry of Micro, Small and Medium Enterprises (MSME) which aimed to provide a boost to small businesses. In 1982, the National Science and Technology Entrepreneurship Development Board (NSTEDB) was created under the Department of Science and Technology (DST) which focused on generating jobs and the commercialisation of technology. The Department of Science and Technology (DST) is also primarily responsible for the creation of new programmes aimed at incubators (NASSCOM, 2020). In 2008, the Ministry of Micro, Small and Medium Enterprises (MSME) also started setting up and supporting incubators.

Pre-2014, incubator related policies seemed to focus on technology based entrepreneurship, with schemes such as Technology Incubation and Development of Entrepreneurs (TIDE - 2008), Scheme for promotion of Innovation Rural Industry and Entrepreneurship (ASPIRE - 2015) and National Initiative for Developing and Harnessing Innovation (NIDHI - 2016). In 2014 however, a large catalyst was given to the incubation and startup ecosystem in India with the central government initiative of "Startup India". This led to the creation of the Atal Innovation Mission (AIM - 2016) by NITI Aayog, which had a more comprehensive and inclusive approach to incubators. With these interventions, India witnessed the founding of over 200 incubators over the past decade (2010-2020) (Sharma & Vohra, 2020).

In recent times, policies have focused on geographical inclusion. For example, AIM is going to start building Atal Innovation Community Centres to promote innovation in previously unserved regions (Atal Innovation Mission, n.d). Additionally, TIDE 2.0 (launched in 2019) has started grouping incubators based on their location, focus, age and experience, where one group of incubators consists of incubators located in underdeveloped ecosystems (MeitY Startup Hub, 2019). Furthermore, in 2020 AIM launched 'AIM-iCrest' with an aim to build capacity of AIM incubators as organisations in hope to create world class incubators (Times Now, 2020). Some of the more recent initiatives indicate a paradigm shift in how policymakers look at incubation as it not only involves geographical inclusion but also requires capacity building of incubators, giving them an identity as organisations with their own set of challenges.

The COVID-19 pandemic has disrupted this space just like any other. Incubators have adapted to a virtual incubation model, with some incorporating it into a permanent hybrid model of physical as well as virtual incubation. The virtual interactions have opened a room for more personalised support

and enabled incubators to onboard a global mentor and talent pool. This organically provides an excellent opportunity for an international collaboration and exchange of insights.

References

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