

OFFICE MEMORANDUM

Government of India has announced the Start-Up India initiative with the objective of providing conducive environment for Start-Ups in the country. Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Govt. of India has already issued a notification No. 113 dated 17.2.2016 for identification, recognition etc. of Start-Up. In line with the above, after due deliberations, Hon'ble Governor of Uttarakhand is pleased to permit publication of Uttarakhand Start-Up Policy- 2018, replacing Uttarakhand Start-Up Policy 2017 notified vide Office memorandum No 955/VII-2-17/41-MSME/2016 dated 29.06.2017 to promote investment in the area of incubation and Start-Up and to nurture students passing out of various technical Institutes of the State into entrepreneurs:

1. VISION:

To foster an ecosystem for nurturing the spirit of entrepreneurship in Uttarakhand, thereby positioning the state as the most startup friendly state in India.

2. OBJECTIVES:

The policy aims to achieve the following:

- a. Facilitate and nurture the growth of at least 500 new Startups in Uttarakhand
- b. Facilitate access to investment for aspiring and existing entrepreneurs
- c. Create a spirit of entrepreneurship by changing the present trend of job seeking to job creating

3. DEFINITION

3.1 ENTITY

A Company (as per the Companies Act 2013), a Registered Partnership Firm (under the Partnership Act, 1932) or Limited Liability Partnership (under the Limited Liability Partnership Act, 2008).

3.2 START-UP

An entity shall be considered a "Startup" under this Uttarakhand Startup policy if it fulfils all the four conditions given below or if the entity is recognized under the Startup India initiative and fulfils the fourth condition below:

1. The date of incorporation / registration is not prior to seven years. In case an entity is engaged in the biotech sector, the date of its incorporation / registration should not be prior to ten years; And
2. Its annual turnover does not exceed Rs. 25.00 crore for any preceding financial year; And
3. Such an entity should not be an extension of existing family business; or formed by splitting up or reconstruction of a business already in existence
4. It is incorporated / registered in Uttarakhand or employs at least 50 percent of its total qualified workforce from Uttarakhand, which shall not include contract employees;

Changes / modification made by Government of India from time to time in connection with the aforementioned conditions specified in Sno 1 to 3 will also be applicable to State of Uttarakhand.

3.3 INCUBATOR

An organization designed to support Startup companies during the early stages to help develop a scalable business model through business support resources and services such as physical space, capital, coaching and mentoring, common services including corporate and legal services and providing networking opportunities.

Any entity funded or registered under any central or state government shall also be considered as an incubator for this policy. For instance, Technology Business Incubator (TBI) under Department of Science & Technology and Atal Incubation Centre under NITI Aayog.

1. The incubator entity must be a registered entity falling under one of the following categories:
 - (i) Society (under The Societies Registration Act, 1860)
 - (ii) Section 8 Company (under The Companies Act, 2013)
 - (iii) A Company (under The Companies Act, 2013)
 - (iv) Limited Liability Partnership (under The Limited Liability Partnership Act, 2008)
 - (v) Public Charitable Trust (under The Indian Trusts Act, 1882)
2. The incubator entity should facilitate at least 3 months of in person or virtual interactions between its incubatee and mentors when in operation

3.4 ANGEL INVESTOR

Angel Investors are usually affluent or high net worth individuals who provide early / seed stage financing to Startups. In return for the capital provided, they receive ownership in the form of equity stake or convertible debt in the invested entity.

3.5 ANGEL NETWORK

An angel network is a group of angel investors who pool their investments together, and the pool, which is professionally managed is used to fund early stage businesses. Angel groups, which pool the resources and knowledge of their members, can overcome many limitations associated with solo investing and investing in risky environments, such as emerging markets.

3.6 INNOVATION

The process of translating an idea or invention into a good or service that creates value for which customers will pay. Innovation involves application of information, imagination and initiative in deriving greater or different values from resources.

3.7 UNIVERSITY

University established or incorporated under a Central Act or a State Act or any such institution as may be recognized by University Grants Commission.

3.8 STARTUP COUNCIL

The Startup Council is a body constituting of members chosen from Government and Private background, to monitor and implement the Startup Uttarakhand initiative. The Department shall constitute the Council separately.

3.9 TASK FORCE

A Task Force shall be constituted at the level of Directorate of Industries under the Chairpersonship of the Commissioner, Industries who shall be authorized to provide financial incentives (upto INR 10 Lakhs per beneficiary) to the Startups / Incubators recognized by the Start-up Council under this policy.

3.10 NODAL AGENCY

Reputed organization / society approved by the Start-Up Council for certifying all categories of Start-ups.

4. POLICY PERIOD

Uttarakhand's Start-up Policy will be valid for a period of 7 years from the date of its notification or until further orders

5. FOCUS SECTORS

The primary focus sectors for the policy are given below:

1. Travel and Tourism
2. Food Processing and Agriculture (Horticulture included)
3. AYUSH
4. Education
5. Healthcare
6. Biotechnology
7. Pharmaceuticals

Apart from the sectors listed above, other sectors approved by Startup council from time to time will also be eligible under this policy.

6. BENEFITS / INCENTIVES

6.1 STARTUPS

An entity recognized as a "Startup" by the Startup Council will be eligible to avail the following benefits/incentives:

6.1.1 MONTHLY ALLOWANCE

Monthly Allowance of Rs. 10,000 for a maximum period of one year will be paid to the General category Start-Ups selected by the Startup Council. In case the Startup is operated by SC/ST/women/physically challenged Startup or belongs to Category-A regions of MSMB Policy 2015, the monthly allowance will be increased to Rs 15,000.

6.1.2 MARKETING ASSISTANCE

Upon approval from Start-up Council, recognized start-ups may be given Marketing assistance of up to Rs. 5.0 lakhs for marketing / publicity of innovative product

Under this policy, If the Startup is being operated by SC/ST/women/physically challenged entrepreneurs in any of the focus sectors or belongs to Category-A district of Uttarakhand MSME Policy 2015, the marketing assistance allowance will be increased to Rs 7.5 lakhs. This assistance will be provided only once to the Start-Ups.

6.1.3 REIMBURSEMENT

PATENT (INTELLECTUAL PROPERTY)

Start-Ups will be eligible for reimbursement of up to 100% of actual cost of Patent fees (including filing fees, Attorney Fees, research fees, maintenance fees). Reimbursement of up to Rs 1 lakh for Indian Patent and up to 5 lakh for international patent will be payable. 75% of the reimbursement will be payable at the time of filing of application and 25% reimbursement at the time of prosecution.

STAMP DUTY

All Startups that have been recognised by the Start-up council will be given exemption from stamp duty on lease deed/ space/ purchase of land as per the categories defined in the MSME Policy 2015.

STATE GOODS & SERVICES TAX

The SGST to be submitted by the Start-ups recognized by Startup Council after adjustment of applicable ITC upon supply of material by concerned firm/industry for consumption (B2C) within the State will be reimbursed by Uttarakhand State from the budget

6.1.4 INFRASTRUCTURE SUPPORT

The list of incubators and Common Facility Centres will be made available on the Uttarakhand Startup portal, and will be updated on a real time basis.

INCUBATION SPACE

Startups recognized by Startup Council and operated by Scheduled Caste /Scheduled Tribes / Women/ physically challenged will be provided space at a discount of 25% of notified rates at recognised Incubators.

6.1.5 NEED BASED ASSISTANCE

Need based assistance of up to Rs. 5 lakhs will be given to Startups recognized by Startup Council towards cost of raw material / components and other related equipment required for the innovative process for new product development / existing product improvement. However, this assistance will be provided only in case(s) where innovation is dependent on specific raw material / equipment and subject to approval by the Startup Council.

6.2 INCUBATORS

An entity recognized as an "Incubator" by the Startup Council will be eligible to avail the following benefits/incentives:

6.2.1 CAPITAL GRANT

Capital Grant of 50% of the capital cost up to a maximum of Rs.1 crore will be provided to the incubators. This assistance will be provided only once and the capital cost will exclude the cost of building and land. This assistance will be provided to set up a new incubator or scale up an existing incubator.

6.2.2 RUNNING EXPENSE

Incubators recognized by Startup Council will be given Rs. 2 lakhs per year as part of operating and management expenses, for a period of 3 years.

7. FUNDING

In order to facilitate access to investment opportunities, the Government shall encourage the Banks and financial institutions to enhance and extend their existing schemes of lending to the Start-ups on convenient terms (Eg. collateral-free lending, soft loans etc.)

7.1 SETUP OF ANGEL NETWORK

The State Government of Uttarakhand will encourage high net-worth individuals (HNIs), industrialists, successful entrepreneurs, University alumni and highly experienced business executives and professionals to create an angel network (Uttarakhand Angels) and 'social impact investor groups' which will help with early stage funding needs of Startups in Uttarakhand.

7.2 MATCHING GRANT

With the objective of providing alternate finance to Incubators recognised by State Government which are managing Seed Fund Scheme of Government of India, a sum equal to that obtained from Government of India or Rs 2 Crore, whichever is lesser shall be provided.

7.3 OTHER ASSISTANCE

The State Government will take necessary steps to implement various services such as exemption from inspection, exemption from taxes and self-certification etc. as provided by Government of India to Start-ups in the State.

8. ACADEMIC SUPPORT

8.1 SYLLABUS UPDATE

Schools, Colleges and Universities will be advised to update their respective curriculums to include a compulsory course on "Entrepreneurship Development" as an optional subject, to inspire students with the aspiration, capacity and inclination towards entrepreneurship

8.2 INCLUSION OF MASSIVE OPEN ONLINE COURSE (MOOCS) IN CURRICULUM

Various nationally and internationally accredited Massive Open Online Courses focussed on entrepreneurship shall be included in the academic curriculum. These Massive Open Online Courses may be taken by the students as electives and may be assigned to them depending upon their interest.

8.3 ESTABLISHMENT OF EDC (ENTREPRENEURSHIP DEVELOPMENT CELL) NETWORK

Colleges / Universities will be encouraged to set-up EDCs to encourage students to take up entrepreneurship at the college level. These will be a part of the hub and spoke model envisioned and will assist in facilitating technology transfer and commercialization in their respective institutes. Two focal Entrepreneurship Promoting Bodies (EPBs) will be initiated at IIT Roorkee and IIM Kashipur.

8.4 TRAINING OF TRAINERS

Innovation and entrepreneurship teachers can propel the youth towards breakthrough discoveries. Strong emphasis will be put on training the local faculty by industry veterans, corporate and other leaders from startup ecosystem.

8.5 PROJECTWORK

Student entrepreneurs working on start-up ideas in any of their graduation year will be permitted to convert their start-up project as their final year project towards their degree completion

9. OTHER INITIATIVES

9.1 MENTORSHIP BOOTCAMPS

The Government will take necessary steps to promote entrepreneurship at school and college level by establishing Boot Camps in schools and colleges as required. These bootcamps will be in partnership with national and international incubators, accelerators, startup evangelists, and industry associations to ensure:

1. Participating students and entrepreneurs get necessary mentorship
2. Information dissemination of global best practices

9.2 IDEA CHALLENGE

To promote the spirit of entrepreneurship, a region wise Idea Challenge will be conducted every six months, wherein upto top 10 winning ideas will get a one-time cash prizes of Rs. 50,000 to build on their idea.

9.3 ANNUAL STARTUP FESTIVAL OF INNOVATIONS

Entrepreneurship and Innovation themed annual festival of innovations will be conducted to encourage the youth to have a problem-solving mindset and take up entrepreneurship. The focus of the event will be to:

1. Provide a platform to showcase innovations
2. Invite International experts to interact with local ecosystem stakeholders

10. ENABLEMENT

To ensure smooth execution of the Startup Uttarakhand policy, the State Government will ensure the following:

10.1 STARTUP PORTAL & MOBILE APP

The state government will develop a Startup Portal and App which will aggregate all information related to the policy, its benefits and the procedure to avail them.

10.2 DEDICATED HELPLINE

A dedicated helpline to answer all Startup related queries will be started in English and Hindi. The helpline shall assist in addressing all queries in areas such as registering a business, raising funds/loans, policy clarifications, etc.

10.3 PROMOTION

The State Government shall promote Uttarakhand as a startup destination through participation in international and national events. In such events, participation of local Start-Ups and various other agencies will be sponsored.

10.4 REVIEW MECHANISM

The Task force shall review this policy once a year to examine the usefulness of the policy, the ease of implementation and the outcomes achieved. The report shall be placed before the Startup Council.

This order is being issued by the approval of Finance Department of Government of Uttarakhand received vide un-official letter no 196/XXVII(8)/2018 dated 22 February 2018.

(Manisha Panwar)

Principal Secretary

