

## 1) **Preamble**

Uttarakhand is a well known educational hub in Uttarakhand, on one hand there are Institutes like IIT Roorkee, IIM Kashipur, NIT, GBPUAT etc. and on the other hand State Government has established Industrial Estates like Haridwar, Pantnagar, Kotdwar, Kashipur, Selaqui, Dehradun, Sitarganj etc.

The Start-up policy-2016 of Government of Uttarakhand aims to provide a platform for the students emerging from these institutes as to nurture them as entrepreneurs.

## 2) **Definition of Startup**

To bring uniformity in the identified enterprises, an entity shall be considered as a 'startup'-

- a) Up to five years from the date of its incorporation/registration,
- b) If its turnover for any of the financial years has not exceeded Rupees 25 crore, and
- c) It is working towards innovation, development, deployment or commercialization of new products, process or services driven by technology or intellectual property;

Provided that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered a 'startup',

Provided further that in order to obtain tax benefits a startup so identified under the above definition shall be required to obtain a certificate of an eligible business from SLIC (State Level Innovation Committee) or GoI.

### **Explanation:**

1. An entity shall cease to be a startup on completion of five years from the date of its incorporation/registration or if its turnover for any previous year exceeds Rupees 25 crore.
2. Entity means a private Limited company (as defined in the Companies Act, 2013) or a registered partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2002).
3. Turnover is as defined under the Companies Act, 2013.
4. An entity is considered to be working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property if it aims to develop and commercialize:
  - a. A new product or services or process, or
  - b. A significantly improved existing product or service or process, that will create or add value for customers or workflow.Provided that the mere act of developing:

- a. products or services or processes which do not have potential for commercialization, or
- b. undifferentiated products or services or processes, or
- c. products or services or processes with no or limited incremental value for customers or workflow

would not be covered under this definition.

### 3) **Focus Area**

Benefits of Start-Up policy shall be given to the entrepreneurs in following fields:-

- i. Agro based industries
- ii. Healthcare
- iii. Bio technology
- iv. Education
- v. E-Commerce
- vi. Travel & Tourism
- vi. Water, waste management and power
- vii. Transportation
- viii. Social enterprises
- ix. Manufacturing
- x. Livelihood support activities in rural and urban areas
- xi. Nanotechnology
- xii. Food Processing & Horticulture
- xiii. Textiles & Garments
- xiv. Fashion Designing
- xv. Ayurveda
- xvi. Traditional Arts
- xvii. Hi Tech farming in agriculture
- xviii. Dairy production
- xix. Traditional crafts
- xx. Innovation in designs and products in traditional textiles and apparels
- xxi. Product modifications/innovation based businesses in traditional sectors like Coir, Bamboo, etc.
- xxii. Animation and gaming.
- xxiii. Sanitation and cleantechnology.
- xxiv. Visual effects.
- xxv. Automotive.
- xxvi. Packaging.
- xxvii. Any other green technology.

This list is not exhaustive and additional sectors as approved by SIC (State Innovation Council) from time to time can also be taken up.

### 4) **Policy Period**

The Start-Up policy of Uttarakhand will come into force w.e.f. its notification for a period of 7 years.

## 5) Meaning of Entrepreneur and Entrepreneurship

**Entrepreneur:** Entrepreneur is a person who is willing to launch a new venture or enterprise and accept full responsibility for the outcome.

**Entrepreneurship:** Entrepreneurship is the process of undertaking innovations, finance and business acumen in an effort to transform innovations into economic goods. This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity.

## 6) State Innovation Council

The Start-up proposals and entrepreneurs will be selected through State Innovation Council. The Council will have following members:-

- i.) An Uttarakhand Government retired official equivalent to Chief Secretary post. (Chairman)
- ii.) Principal Secretary, MSME. (Vice Chairman)
- iii.) Director, Industries. (Member Secretary)
- iv.) Representative, NIT.
- v.) Representative, IIT.
- vi.) Representative, IIM.
- vii.) Representative from STPI (Software Technology Park of India).
- viii.) 2 Representatives of reputed private entrepreneur/angel investor/venture capitalist supporting maximum no. start-up entrepreneurs in the state to be nominated by the chair.
- ix.) Legal Expert having specialisation in company related affairs/patent/trademark/copyright related laws.

## 7) Nodal Incubator:-

Incubator Projects that has a capacity to create a minimum of 50 start-ups every year will be deemed as nodal incubators. The incubators established by Institutes of repute such as STPI/IIT/IIM/NIT will also be categorised as Nodal Incubator.

## 8) Incubator /Technology :-

The term incubator implies any business incubator/ Technology Business Incubator recognised by GoI or State Government.

## 9) Objectives:

The Policy aims to achieve the following;

- i) **Attract investments into the Incubation and Start-up Ecosystem in Uttarakhand**
- ii) To bring investment in Uttarakhand from well-known entrepreneurs/industries in the form of angel investor/venture capitalist to provide firm platform for new entrepreneurs.
- iii) **Establish at least 2-3 Technology Business Incubators (TBI)/Accelerators per year through all the sources in different sectors in the State.**
- iv) Encourage/Facilitate/Incubate products of start-ups.

- iv) State will develop 200000 sq. ft. of Incubation Space in state in seven years from different sources.
- v) Facilitate Angel/Venture Capital funding of a minimum of Rs 500 Cr.
- vi) To integrate the Start-Up entrepreneurs with **Atal Innovation Fund (AIF)** and Start up India scheme and various other schemes of Central Government..
- vii) To promote Women and SC/ST entrepreneurs.
- viii) The **State Level Entrepreneurship Panel (SLEP) comprising of a host of mentors will help to identify** budding start-up entrepreneurs at school and college level by means of conducting Boot Camps SLEP will also help in providing guidance to Start-ups and also to facilitate their growth from Start-up to Boot-up to Scale-Up. SLEP will serve as a subsidiary arm of State Innovation Council (SIC) helping to identify start-up entrepreneurs in the State.
- ix) **To establish State owned Technology Business Incubator (TBI) at IIE (Escort Farm) Kashipur with the help of financial assistance from the State Government and Gol under various schemes.**
- x) To facilitate the growth of Start-ups from Start-up to Boot Up to Scale-up.
- xi) **Facilitation of Common test lab, conference rooms, R&D labs, hostels, residences etc for start-ups.**
- xii) Government of Uttarakhand intends to establish Nodal Incubation Centre facilities in the premises of institutions of repute like IIT Roorkee, IIM Kashipur, NIT, STPI etc.
- xiii) STPI incubator will be used to cater IT, ITES and electronic hardware based start-ups.

#### 10. Setting up of Incubators:-

An incubator will have the following set up:-

1	Idea Hub (space about 10000 Sq. Ft.) (having Plug and play facilities like computer, 2 GBPS internet facilities etc.)	Proposed Start-ups will sit together and will share their innovative ideas on display board.
		Striking ideas will be picked up.
2	Tinkering Lab (space 8000 Sq. Ft.). (having test lab, mentors/consultants etc.)	Striking ideas selected in idea hub will be put up before experts to assess their business value and marketability.
		Experts will discuss the idea and will refine it to make it practical as per the need of the market.
3	Incubation Centre/TBI (Space 8,000 to 10,000 Sq. Ft.).	The space provided to TBI will be enriched with a post of facility like R&D labs, Fab labs etc. in order to help foster research and innovation. Guidance will also be provided in the form of marketing, legal,

	financial and technical help.
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## **11) General Components of the Policy**

### **(a) Infrastructure:-**

- i) Government will provide core infrastructure like plug and play incubation facilities in different sectors and different locations within the state vide its own resources or in PPP mode for Start-up entrepreneurs on lease basis. Fully furnished and Ready to use Plug and Play Infrastructure along with Computers with maximum 2GBPS internet connectivity, Electricity, Water and other office facilities would be provided as Infrastructure support from the State Government for the Host Institutes to setup Incubators. However, raw space will be made available to Start-up entrepreneurs as per their need.
- ii) Common facilities such as testing labs, design studios etc. setup by State Government at State Level Nodal Incubator will be made available to all entrepreneurs on payment basis.
- iii) Government will earmark Start-up parks in all Districts of Uttarakhand in a phased manner.
- iv) Government will provide interface platform for start-up entrepreneurs with industries.
- v) The Existing Schemes in the Central and State Ministries shall be dovetailed into sector specific guidelines for each of the sectors.
- vi) Government will encourage Host institutions of existing Technology Business Incubators (TBI's) for expanding their operations in the state in order to jump-start the start-up ecosystem.
- vii) Government will provide an electronic platform for start-ups to connect with the research institutes, mentors, entrepreneurs and all other stakeholders.
- viii) Innovation based incubators shall be setup in government institutions of higher education.
- ix) Common Facilities centres (Warehouses, Storage Facilities, QA/QC labs etc) shall be provided by the State Government by its own or on PPP model. The facilities will be available on nominal charges to Start-up Entrepreneurs.
- x) Government will Establish High end FABLABs in the state to educate entrepreneurs in manufacturing and creating design studio.
- xi) The Government will closely monitor the progress of the initial batches/groups through SLEP in the incubation centres as these would seed the ecosystem to fuel the subsequent batches.
- xii) Government will provide pre-trained manpower in emerging technologies with the help of institutes of repute like IIM Kashipur, IIT Roorkee etc.
- xiii) Entrepreneurship will be introduced in School syllabus.
- xiv) The Government will take necessary steps to promote entrepreneurship at school and college level by establishing Boot Camps in schools and colleges as required.
- xv) Students will be permitted to undertake their Industrial Seminar, Project Seminar and Industrial visit at TBI and industrial estates.

- xvi) 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.
- xvii) Most brilliant start-ups, college and students will be sent to visit leading start-up destination around the country.
- xviii) State departments will be encouraged to set up innovation zones relating to their needs at incubators in order to facilitate start up institution interaction for creating innovative products that fulfils such needs.
- xix) Mentoring in the state will be institutionalised.

**12. Common Monetary Support to Incubators and Startups:**

The incentives available in the State MSME Policy would also be directly applicable alongwith following additional benefits to the start-ups, Host Institute of Incubators and Accelerators.

**12.1 Corporate Social Responsibility of PSU's** - In order to strengthen the start-up ecosystem in the state, It will be mandatory for State PSU's to create corpus funds for incubators and Start-ups in compliance with the provisions of New Companies Act 2013.

12.2 An investment subsidy of 20% of the value of the Capital Expenditure, other than land and building, shall be provided to Incubator Projects that enter into an MoU with the state within 2 years of notification of the Policy. This subsidy shall be limited to a maximum of Rs. 5 Crores. Subsidies or monetary support given by different government departments, both state and central, under their existing schemes for new units shall be in addition to the above monetary support.

**13. Components of proposed Startup Policy of Uttarakhand**

The policy provides specific incentives/support for Start-ups/Incubators/Nodal Incubators as under:-

(a) Start-Ups:-

- i) Start-ups Entrepreneurs will be categorised in three phases i.e. Start-up, Boot-up and Scale-up. The category wise support is as under:-

Sl. No.	Item/ Incentive	Start-Up Phase	Boot-UP Phase	Scale-Up Phase
1	Definition	Entity to demonstrate their product(s) as Pilot project before SIC	Once the pilot is successful, the SIC would ask the entity to do local product development and manufacturing for the companies.	The entity, which have manufactured and deployed their products in Uttarakhand, would then be given incentives as recommended by SIC to go for National and

				International Level marketing.
2	Tenure	Fresh entrepreneur as per eligibility.	Entity coming in this phase within 1 year from start-up phase and gets recognition from Gol.	Entity coming in this phase within 2 years from Boot-up Phase.
3	Infrastructure	<ol style="list-style-type: none"> <li>1. Idea Hub free of cost.</li> <li>2. Government will provide interface platform for start-up entrepreneurs with industries.</li> <li>3. Rs. 10000.00 per month will be paid to the start-ups selected by SIC.</li> <li>4. The space will be provided at a rebate of 25% Upto a cap of Rs. 5.00 per sqft. on scheduled prices of incubation centre to SC/ST/women start-up entrepreneurs.</li> <li>5. 50% Reimbursement of stamp duty for others and 100% Stamp Duty reimbursement for</li> </ol>	<ol style="list-style-type: none"> <li>1. Government will provide an electronic platform for start-ups to connect with the research institutes, mentors, entrepreneurs and all other stakeholders.</li> <li>2. Rs.25000.00 per month will be paid to the start-ups selected by SIC for research and development.</li> <li>3. The space will be provided at a rebate of 25% Upto a cap of Rs. 5.00 per sqft. on scheduled prices of incubation centre to SC/ST/women start-up entrepreneurs.</li> <li>4. 100% Stamp Duty on lease deed/purchase of space will be reimbursed for SC/ST/women start-up entrepreneurs.</li> </ol>	<ol style="list-style-type: none"> <li>1. Common Facilities centres (Warehouses, Storage Facilities, QA/QC labs etc) will be available on nominal charges to Start-up Entrepreneurs.</li> <li>2. Government will facilitate successful entrepreneurs from the state in the form of access to high end R&amp;D Facilities technical and legal help.</li> <li>3. The space will be provided at a rebate of 25% Upto a cap of Rs. 5.00 per sqft. on scheduled prices of incubation centre to SC/ST/women start-up entrepreneurs.</li> <li>5. 100% Stamp Duty on lease deed/purchase of space will be reimbursed for SC/ST/women start-up</li> </ol>

		<p>SC/ST/women Start up entrepreneurs on lease deed/purchase of space will be provided.</p>		<p>entrepreneurs.</p> <p>6.Shared services like legal, accounting, technology, patents, investment banking etc. will be provided.</p> <p>7.Mentors and expertise through 'State Entrepreneurship Panel will be provided.</p> <p>8.All universities and colleges may give 20% relaxation in attendance to Start-up which have reached the Scale-up stage.</p> <p>9.State Government will provide financial support for promotion and marketing.</p> <p>10. The cost of filing and prosecution of patent application will be reimbursed to the incubated start-ups subject to a limit of Rs. 2 lacs for indian patent and Rs. 5.00 lacs for international patents in three phases (30% at the time of filing, 30% at</p>
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				prosecution and 40% at award)
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In addition to above Start-ups will get benefits as under :-

- ii) **Startup Funding:** 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). Recognized Incubators which are managing Seed Fund Scheme of Government of India will be given matching seed funds to further increase the amounts available for start-up by 200%. For other Incubators, the State will provide Seed Funds on the same criteria as the Central Government scheme.
- iii) **State Support: General Incentives:** The fiscal and non-fiscal incentives applicable to all categories of MSME Industry would be applicable to the incubators, accelerators and start-ups in the respective sectors. The existing schemes of the MSME Policy shall be made applicable to the Start-ups in all sectors as per the existing classification.
  - a) Start-ups would be exempt from inspections under The Factories Act, payment of wages, contract labour act and the Rules framed there under, barring inspections arising out of specific complaints. Start-ups will be permitted to file self-certifications, in the prescribed formats to comply The Factories Act, payment of wages, contract labour act etc.
  - b) Challenge Grants for Innovation: The government will encourage innovation amongst the entrepreneurs and students through Challenge Hunts. The focus of these hunts will be mostly on innovative products that address societal problems and would be awarded every year.

**(b) Incubators:-**

Only an incubator generating start-ups from the date of implementation of this policy, having infrastructure as mentioned at para no. 10 and recognised by SIC will be entitled for availing following benefits.

- i) State Government would create a Corpus Fund namely 'Incubator fund'.
- ii) The space will be provided at a rebate of 25% Upto a cap of Rs. 5.00 per sqft. to incubators.
- iii) 100% Stamp Duty on lease deed/purchase of space will be reimbursed for incubators.
- iv) All the incubation centres of State shall be integrated through cloud server in the State Data Centre.
- v) Financial support will be provided by the Government to incubators for engaging international consultant and mentors.
- vi) State departments will be encouraged to set up innovation zones relating to their needs at incubators in order to promote start up institution interaction for creating innovative products that fulfils such needs.

- vii) **Reimbursement of VAT/ CST: 100% reimbursement will be provided upto a turnover of 200 lacs per annum for those start-ups who have reached to scale-up phase with in a period of three years.**
  - viii) **Financial Assistance as Matching Grants:** The State Government would match the funding raised by the Incubator from Government of India on a 1:1 basis as matching grants.
  - ix) **Corporate Social Responsibility of PSU's** - In order to strengthen the start-up ecosystem in the state, It will be mandatory to State PSU's to create corpus funds for incubators in compliance with the New Companies Act 2013.
  - x) **Patent Filing Cost:** The cost of filing and prosecution of patent application will be reimbursed to the incubated start-up companies subject to a limit of Rs. 2 lakh per Indian patent awarded. For awarded foreign patents on a single subject matter, upto Rs. 5 lakh would be reimbursed. The reimbursement will be done in 3 stages, i.e., during filing, prosecution and award.
  - xi) **Training Assistance:** For every start up generated by an incubator training assistance @ Rs. 10000/- per start up will be provided upto a maximum of 10 start ups.
  - xii) **Performance- Linked grant for startups:** Startups that record a year-on-year growth rate of 15%, as per audited accounts, shall be eligible to get a grant of 5% on Turnover, subject to a limit of Rs.10 lacs within a period of three years from the date of incubation.
  - xiii) **Support to Human Capital Development Programmes** – To create an innovation pipeline and entrepreneurial talent, Expert Panel will be envisaged under this Policy. These programmes may be executed through the recognized Incubators and 10% of the approved programme cost would be paid as Programme Implementation and Monitoring Fee by the State Government.
- (c) **Nodal Incubator:-** Nodal Incubator will get benefits in addition to the benefits for incubator as under:-
- i) **The space will be provided at a rebate of 50% Upto a cap of Rs. 8.00 per sqft. to incubators.**

#### **14. Administration of Financial Incentives & Implementation of Programmes**

All monetary support for startups and incubators as mentioned in section 5 above shall be administered by SIC. The supports shall be provided in a time bound and transparent manner.

#### **15. Roles & Responsibilities of Incubators**

The roles and responsibilities of the Incubators availing support from the Government are

15.1. Organizational Responsibility and Management of Incubator.

15.2. Establishing Support Eco-Systems, Capital Asset Management and Resources as required for the Incubator.

15.3. Private Partner in a PPP incubator will be responsible for creating a self-sustaining business model needed for the execution of the Incubator after the support period given to incubated startups which is maximum of 3 years in case of service startups and 5 years in case of product startups from the date of their entry into the incubator.

15.4. Liaise with Angel and Venture Capital investors to provide funding assistance to the incubated startups.

15.5. Shortfalls if any in revenue generation will be met by Private Partner, post the support period.

15.6. Private Partner will be responsible to find, nurture and support Incubatee companies with a flexible framework based on the changing incubatee requirements in the Sector.

15.7. Ensure pro-active participation of other Private Sector companies for the Incubator in terms of raising funds for incubator and angel investment for startups.

15.8. Execution of various Skill Development and Incubation Programmes designed by the Government

#### **16. Other sector-specific Incubators–**

The startup ecosystem in our state has to scale up to more sectors. Government, either on its own or in partnership with private sector, will establish sector-specific incubators in areas like Bio Technology, Nanotechnology, Healthcare, Agri Business, Business Processes, Food Processing, Textiles & Garments, Fashion Designing, Ayurveda, Tourism, Retail, Arts, etc. Sector specific innovative businesses, technology enabled and otherwise shall be encouraged like, Collective and Hi Tech farming in agriculture, Dairy production, Geographic Indications based products in traditional crafts, Innovation in designs and products in textiles and apparels, Product modifications/innovation based businesses in traditional sectors like Coir, Bamboo, etc. These incubators shall be setup by the departments concerned and shall be governed by guidelines issued by them.

#### **17. Establishment of Startup – Bootup - Scaleup Model for Startups**

17.1 TBI will liaison with Central Government and other agencies at national level like SEBI/RBI etc to create optimal policies for crowd funding platforms.

17.2 The Government will act as market maker for giving a massive fillip to Product Industry. An Innovative Startup-Bootup-Scaleup Model would be followed for Product Startups and MSME's based in Uttarakhand. For all products or software projects (e-Governance Projects) proposed by Uttarakhand based startups and MSME's, Swiss Challenge method shall be followed for selection of vendors.

17.3. Time bound approval of proposals in 4 weeks would be given to Innovative Product Companies to demonstrate their product(s) as Pilot project i.e., Start-up Phase. Once the pilot is successful, the Government would encourage companies to do local product development for companies and manufacturing i.e- Boot-up Phase. The companies, which have deployed their products in Uttarakhand, would then be given incentives as decided by the Uttarakhand State Innovation Council to go National and International i.e- Scale-up Phase. Access to Government data base, systems and process will be provided for doing pilots in various projects with suitable security considerations will be provided to Uttarakhand based Start-ups and MSME's after due approvals from the State Innovation Council (SIC) and the State Government. Any such application for access to database, systems or process(s) shall be disposed within a period of four weeks.

17.4 Conduct an open innovation process to select start-ups to develop applications for public needs so as to encourage startups to have a feel of the market.

17.5 Startup Role Models Programme – Top 50 start-ups operating out of incubators in Uttarakhand would be identified through a selection process and be given a platform to meet and interact with mentors, funding support, product development, marketing and launch support to accelerate the number of success stories to create role models. This programme would be annual in nature.

This Policy is valid for a period of 7 years from the date of its notification or till a new policy is formulated. The policy shall be implemented under the guidance of State Innovation Council of Uttarakhand.