

MP Incubation & Startup Policy 2016

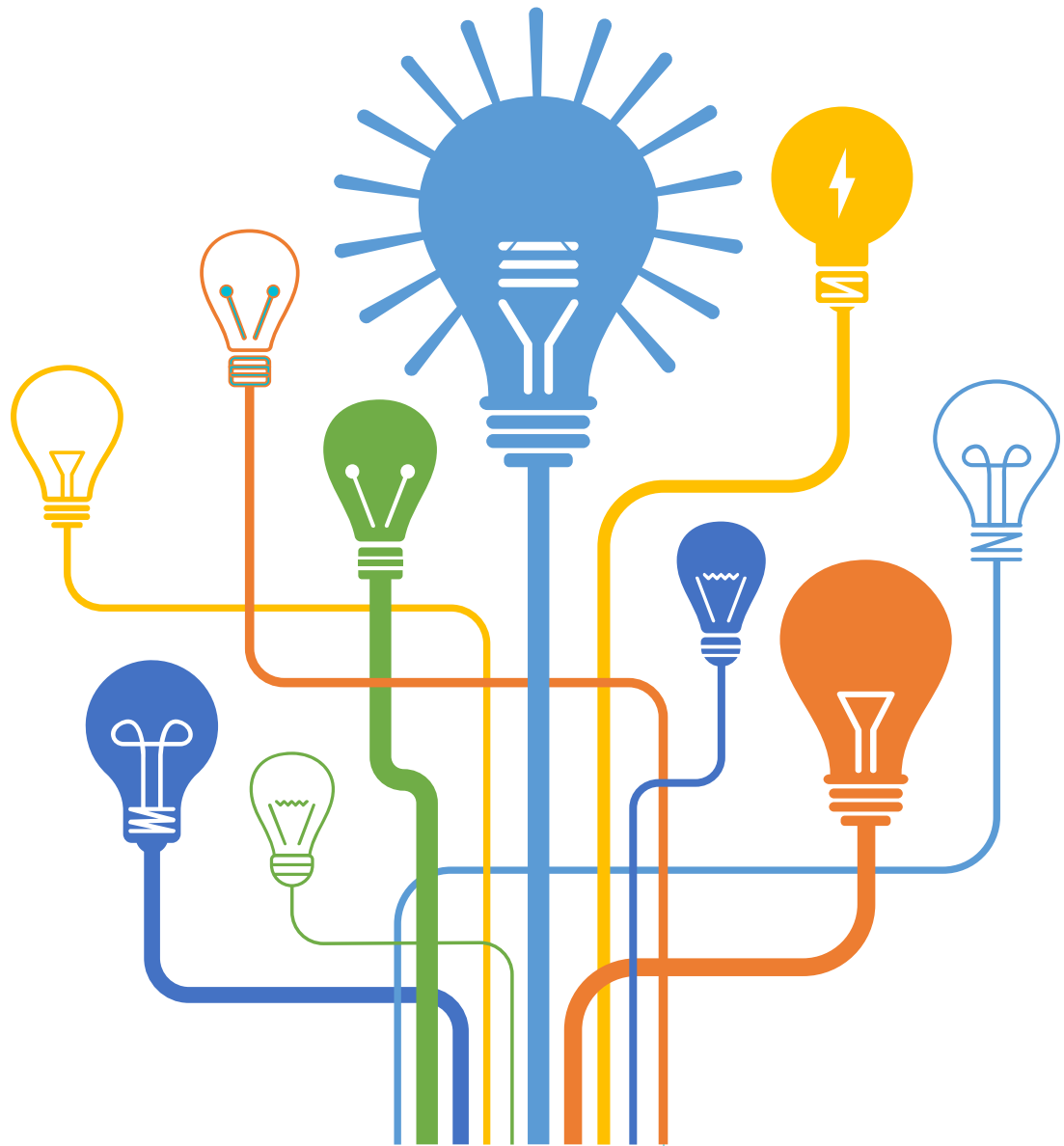
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MP Incubation & Startup Policy 2016

(Draft version)



Department of MSME
Government of Madhya Pradesh

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I. Introduction

Madhya Pradesh, the second largest Indian state, is among the fastest growing states with the 10.2% GSDP growth rate in year 2015 within the country. The state has gained significant position in the country based on investment and economic growth. Over the period, the state has developed a robust infrastructure, conducive policy environment & industrial growth centres which has expedited the growth of industrialization.

Realizing the high potential for manufacturing industry, Madhya Pradesh has established itself as one of the favorable destination for high tech industries including heavy engineering, IT, ESDM, telecommunications, automobiles along with other industries like textiles, pharmaceuticals, cement, agro & food processing based industries through setting up dedicated Industrial Clusters across geographical locations in the state. This industrial growth has been resulted into the demand of Incubation, Plug & play facilities for young budding entrepreneurs within the state.

Furthermore, the presence of numerous prominent technical, management and other professional institutes such as IIT Indore, IIT Gwalior, IIM Indore, MANIT Bhopal, IITDM Jabalpur, IISER Bhopal and NIFT Bhopal, more than 224 Engineering Colleges, 114 Polytechnics, 415 ITIs, 135 Skill Development Centres (SDC) and other Vocational Training Centre make Madhya Pradesh as an ideal destination for Startups hub.

Therefore, Aligning with the Government of India 'Startup India' vision, Government of Madhya Pradesh has envisaged creation of conducive innovative and technological entrepreneurial ecosystem through 'MP Incubation & Startup Policy 2016' to encourage and promote Startup culture within the state.

II. Vision, Mission & Objective

Vision

“To establish Madhya Pradesh as preferred destination of Startups & Incubation Centres by providing the most enabling ecosystem to support entrepreneurial culture in the state”

Mission

- To align Madhya Pradesh with the ‘Startup India’ flagship initiative of the Govt. of India.
- To build a sustainable ecosystem of Innovation, R&D and Engineering in the state.

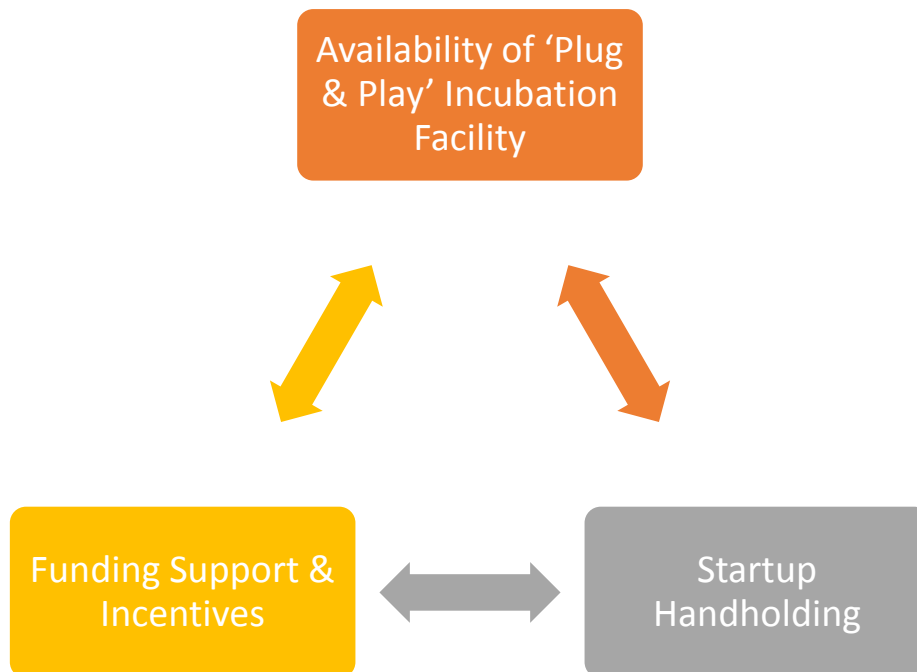
Objective

- To strengthen the startup culture in the state by nurturing entrepreneurial skills
- To encourage setting up of new Technological Business Incubation Centres along with strengthening existing Incubation Centres in the state
- To encourage and inspire the youth of Madhya Pradesh to adapt Innovative ideas
- To promote entrepreneurship activities that enable sustainable and inclusive socio-economic development across the state of Madhya Pradesh
- To promote and develop employment opportunities for the youth within the state of Madhya Pradesh

III. Policy Focus Areas

MP Incubation & Startup Policy 2016 is formulated with 3 core policy focus areas which are required for a startup to grow as an enterprise. These are as follows:

- i. Availability of 'Plug & Play' Incubation Facility
- ii. Funding Support & Incentives
- iii. Startup Handholding



On the basis of these policy focus areas, MP Incubation & Startup Policy 2016 envisaged below mentioned Statewide Network to encourage Startup/Entrepreneurial culture within the state.

A. Innovative Incubation Network

- The state government would provide thrust on establishing Incubation Centres within Engineering Colleges, Management Institutes and Professional Colleges across Madhya Pradesh to provide 'Plug & Play' model facilities to young budding entrepreneurs/students.
- These Incubation Centres shall be promoted to develop an Innovative Incubation Network to build a collaborative platform among Host Institutes/Incubators which can be used to learn the best practices and understand the requirements of startups/entrepreneurs.
- Selected Institutes shall be encouraged to host incubators in their area of discipline or expertise. An online portal shall be developed to bring all the state based Incubators on a single network platform.
- This network shall also provide a platform to identify National/ International mentors from academia or Industry.
- This Incubation Network shall play a vital role in providing handholding to startups in Identifying funding support, assistance in legal compliance and regulatory support from Government.

B. Angel Investors/Venture Capitalist Network

- The identification and selection of an Angel Investor/Venture Capitalist plays a critical role in the journey of any Startup. Therefore state government shall encourage statewide Angel Investors/Venture Capitalist to form a network so that it can bridge the divide between startup and their early stage required funding support.
- This shall help in building conducive and sustainable startup ecosystem within the state.
- This Network shall also play a role of an 'Accelerator' for Startups in the state.

IV. Incentives

The Incentives provisioned in 'MP Incubation & Startup Policy 2016' shall be applicable to Startups/Incubators of Madhya Pradesh for period ending on 31st Mar 2021 in addition to the incentives available under various applicable schemes of Govt. of India.

Startups/Incubators can also be entitled for other applicable incentives (if eligible) under other schemes of Govt. of Madhya Pradesh.

Department of Micro, Small, Medium Enterprise (MSME), Govt. of Madhya Pradesh shall nominate 'MP Laghu Udyog Nigam Ltd.' as nodal agency to promote Incubators, Startups, Accelerators and to encourage Host Institutes to build entrepreneurial ecosystem within the state.

A. Incentives to Incubators

Government shall facilitate setting up of Incubators in Government as well as Private sector. Host Institute in quest of grants from state government to setup Incubators shall have to be registered with the nodal agency. The selection of Host Institution expressing intent to establish Incubators shall be decided by the State Level Implementation Committee.

Selected Host Institutes as Incubators shall be responsible to provide basic 'plug & play' facilities to startups such as:

- Work space with computer and Internet Broadband Connectivity
- Common business, administrative & incubation facilities
- Training & Mentoring (Technical, Financial, Marketing & Legal)

State support would be provided to Incubators for equipment & facilities for initial 3 years, extendable to further 2 years based on performance at the end of which Incubator is expected to be self-sufficient.

i. Capital Assistance

- Eligible Host Institutes shall be provided capital grant of max 50% for Fixed Cost Investment (excluding Land cost) for setting up Incubator, subject to max of INR 50 Lacs.
- The same limit shall be extended to existing Incubators for Capacity expansion subject to capacity utilization of the existing Incubator for 2 years.

- On 'Case to case basis' where the required Grant exceeds the above provisioned limit, the State Level Empowered Committee shall decide on the same.

ii. Operational Assistance

- Eligible Incubators shall get the support for recurring expenses as Operational Assistance upto the limit of INR 10 Lacs per year for a period of 3 years.

iii. Stamp Duty & Registration

- Eligible Incubators shall be provided 100% Stamp duty registration exemption on purchase/lease of land/Office space/IT Building with the condition of commencing operation within 2 years.

iv. Mentoring Assistance

- In order to provide the learning of best practices, Industry demands & Business acumen to incubatees, Eligible Incubators shall be provided Mentoring Assistance support upto a limit of INR 2 Lacs per year for Industry Leaders & Prominent academician

B. Incentives to Startups/Entrepreneurs

Startups running in the incubators need to be registered as company within 6 months before availing incentives.

i. Interest Subsidy

- Eligible startups shall be provided interest subsidy of 5% per annum for a period of 3 years on the rate of interest paid on loans obtained from scheduled banks/financial institutions subject to the maximum limit of INR 5 lacs per annum.

ii. Lease Rental Subsidy

- Reimbursement of 25% of lease rental subsidy to startup units established in the state operating from Incubators/IT Parks/Industrial Clusters or any other notified location shall be eligible for a period of 3 years subject to the ceiling of INR 10 lacs per annum from the commencement date of commercial operation.

iii. Patent/Quality Promotion Subsidy

- Cost reimbursement for max 3 Patent/Quality certification per Unit up to a limit of INR 2 lacs for domestic & INR 5 Lacs for International Patent/Quality certification upon successfully receiving them.

iv. Startup Marketing Assistance

- One time Startup Marketing Assistance of Max INR 10 Lacs to eligible startups for their product/service launch in the market upon securing of min funding of 25% from a registered angel/venture funds/reputed incubators by startup.

v. Credential Development Assistance

- In the project executed by State Government Departments, Corporations and State Agencies, the selected Solution provider/System Integrator (SI) may outsource part of work upto 10% of contract value to eligible startups in Madhya Pradesh subject to the inclusion of clause in RFP/EOI/RFQs from State Government Departments. During such arrangement, the responsibility of meeting SLAs will continue to belong to SI/Solution Provider.

V. Policy Applicability

The MP Incubation & Startup Policy 2016 shall be applicable to following domains such as:

- Internet of Things (IoT)/ E-commerce /Mobile Technology
- Information Technology (IT)/ITeS/BPM/Software development
- Manufacturing including ESDM/Robotics/ 3-D Printing
- Healthcare & Pharmaceutical
- Biochemical & Agriculture
- Green energy/Clean technology/water & recycling
- Education
- Or Any Innovative Idea/Technology as approved by State Level Implementation Committee

VI. Policy Implementation

In order to implement 'MP Incubation & Startup Policy 2016' in the state, Department of MSME, Govt. of Madhya Pradesh shall nominate 'MP Laghu Udyog Nigam Ltd.' as Nodal agency to implement this policy.

A. Incubation-Startup Cell

Within Nodal Agency, an 'Incubation-Startup Cell' shall be setup which shall facilitate and provide handholding to Startups/Incubators/Host Institutes to avail benefits under MP Incubation & Startup Policy 2016. This Cell will act as 'One stop solution' for all Startup/Incubators queries, liaison with Government functionaries, assist in policy implementation plan and engaged with marketing & branding of 'MP Incubation & Startup Policy 2016'.

Eligible Startup/Entrepreneur/Incubator/Host Institution shall submit its application along with its business plan to 'Incubation-Startup Cell' in Nodal agency. Nodal agency shall formulate one Proposal Evaluation Committee for evaluation of the proposals obtained from startups/Incubators/Host Institution. The Nodal agency along with its recommendation shall submit it to the State Level Implementation Committee for approval.

B. State Level Implementation Committee

Under this policy, A State Level Implementation Committee (SLIC) committee comprising following members shall be constituted for sanction of assistance:

Principal Secretary, MSME dept.	-	Chairperson
Principal Secretary, Higher Education	-	Member
Principal Secretary, Technical Education & Skill Development dept.	-	Member
Director, Technical Education	-	Member
Director, Industries	-	Member
Managing Director, AKVN	-	Member
Director(s) of prominent Universities	-	Member
Nominee(s) from Industry	-	Member
Or any Nominee(s) by Govt. of Madhya Pradesh	-	Member

C. State Level Empowered Committee

State Level Empowered Committee will be headed by the Chief Secretary and shall consist of Principal Secretary, MSME, Commercial Tax department, Commerce, Industry & Employment department, Finance department, Managing Director Madhya Pradesh Trade and Investment Facilitation Corp. Ltd. and other State Govt. officials shall be the member of the Committee.

The charter of the Empowered Committee shall be:

- Monitor and ensure timely release of relevant orders/ notifications and amendments required
- Inter departmental co-ordination with respect to policy matters
- Approve the projects, framework, modalities of implementation for projects proposed by the department
- Time to time evaluation of MP Incubation & Startup Policy 2016 on key indicators and resolve implementation issues at all levels

VII. Glossary

- 1 **Startup:** An entity shall be considered as 'Startup'-
 - Up to 5 years from the date of its incorporation/registration
 - If its turnover for any financial years has not exceeded INR 25 Cr.
 - Entity works towards innovation and development of new products & services driven by technology or Intellectual property.

Further, the definition of Startup shall be considered as decided by Govt. of India from time to time.

- 2 **Incubator:** Incubator is an Organization which provides a platform to startups for business support through facilities like physical space, infrastructure, funding network, mentoring/training and other common facilities.
- 3 **Host Institutes (HI):** Host Institutes are renowned Engineering/Technology, Management, Professional Institutes and R&D Institutes in the state of MP which focus on Incubation, Innovation and entrepreneurial development activities.
- 4 **Angel Investors:** The Angel Investors shall be registered with SEBI/Scheduled Bank/or reputed Institution like IITs/IIMs/DST or GoMP approved Incubators. Angel Investors are who provide early stage seed funding to entrepreneurs/startups.
- 5 **Venture Capitals:** Venture Capitals fund manage fund from investors seeking equity stake in startups and small-medium enterprises with emerging growth potential. These type of investments are considered to be high risk & high return.



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