

Gujarat Industrial Policy-2020
Scheme for assistance for Start
Ups/ Innovation

Government of Gujarat
Industries & Mines Department,

Resolution No: MIS-102020-327049-I

Sachivalaya, Gandhinagar

Dated: 01/09/2020

Read: -

- 1) Government Resolution No. MIS/102014/924909/I dated 27/01/2015
- 2) Gujarat Industrial Policy, 2020

Preamble:-

Startups and Innovation play a key role in economic growth. Besides generating jobs, they focus on smarter, gen-next solutions which bring economic dynamism by bringing in innovation and spurring competition.

A buoyant India today is witness to a remarkable growth of startup ecosystem in the country, thanks to increased consumerism and to the digital revolution that has been brought about by smart phones. The ecosystem received the perfect thrust it needed with the launch of "Startup India" by the Hon'ble Prime Minister in 2016. With this, India has quickly grown to become the third largest base for startups in the world. While earlier the startup ecosystem was concentrated more in a few of the metro cities, tier 2 and tier 3 cities have seen a significant growth in the number of startups being set up, owing to a large talent pool & government support.

Gujarat, owing to its inherent strength of widespread entrepreneurial spirit has gained a significant spot in the national startup ecosystem. The state has been ranked as the "Best Performer" in the all India State Startup Ranking by Department for Promotion of Industry and Internal Trade (DPIIT), Government of India in the year 2018.

The incentives to Startups under the Gujarat Industrial Policy 2015 have supported in creating a strong network of nodal institutions and several



startups have expanded their operations/ products both at national and international level.

In order to gather inputs for the new scheme for promotion of startups and innovation which aims to give a further thrust to the promotion of startups and strengthening the ecosystem in the state, a task force was constituted comprising of leading stakeholders in the Gujarat startup ecosystem. The key objective of the Gujarat Industrial policy 2020 is to encourage R&D, start innovation and entrepreneurship. Hence, the new scheme is being introduced in order to support startups and innovation at different levels of a startup cycle.

Resolution:-

In view of the strategy under Gujarat Industrial Policy, the Government is pleased to introduce a **"Scheme for Assistance for Startups / Innovation"** which will come into force from the dt. 07/08/2020 and will remain in operation for a period of 5 years, i.e. upto 06.08.2025.

1.0 Definitions

1.1. Startups (for the purpose of this scheme):

- i. Any individual/group of individuals having innovative idea/concept after legal registration as LLP, Partnership or Private Limited Company. However, an entity shall cease to be a Startup on completion of ten years from the date of its incorporation/ registration or if its turnover for any previous year exceeds one hundred crore rupees.
- ii. "limited liability partnership" shall have the meaning as assigned to it in clause (n) of subsection (1) of Section 2 of the Limited Liability Partnership Act, 2008;
- iii. "partnership firm" means a firm registered under section 59 of the Partnership Act, 1932;
- iv. "private limited company" shall have the meaning as assigned to it in clause (66) Section 2 of the Companies Act, 2013;
- v. "turnover" shall have the meaning as assigned to it in clause (91) Section 2 of the Companies Act, 2013
- vi. "Entity" is working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation.

1.2. Innovative project:

Innovative project is a project which seeks to introduce new technology or make changes in the existing technology by implementing large and small, radical and incremental changes, resulting into the formulation of novel products, processes or services.

1.3. Innovator:

An individual who undertakes an innovative project and demonstrates the fundamental functioning of novel idea / innovation. However, innovator has to register the innovative project as a startup in order to avail assistance under this scheme.

1.4. Mentor:

An individual/ resource person / expert who provides mentoring support to Startups through Nodal Institutes, possess domain/subject expertise and knowledge of Startup ecosystem of the state.

1.5. Nodal Institution:

Nodal Institution means an Institution which is approved /sanctioned by SLEC and intend to nurture and develop startups through resources, mentorship, networking and other common services such as infrastructure, equipment and facilities available in the institution.

1.6. Sustenance allowance:

Sustenance Allowance is a monthly assistance provided to approved/sanctioned startups to meet the expenditure where they do not have any sufficient/adequate means of finance for their innovative project.

1.7. Mentoring service:

Support provided by the Nodal Institution to Start-ups in terms of connecting them with mentors, experts, industry & business service providers, and providing access to literature, laboratories, workshops, library, service bay and other support required for mentoring and nurturing the startups.

2.0 Eligibility

2.1 Startups:

Any individual/group of individuals having innovative idea/concept and recommended by approved Nodal Institution will be eligible to get recognized as a startup under this scheme.

The assistance under the scheme will be provided for innovative projects in any sector or any faculty/branch of science/ technology/ engineering/ agriculture/ healthcare and no innovation worth its name is restricted from availing assistance just because of its being into particular sector, making this a sector agnostic scheme.

Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered a 'Startup'.

Provided that the startups which are availing incentive as a 'startup' in any other 'startup scheme' of Government of Gujarat will not get incentives under this scheme. However, the startups/innovator availing benefits under the Student Startup and Innovation Policy (SSIP) would also be eligible to avail assistance under this scheme.

2.2 Nodal Institution:

Institution will be eligible as Nodal Institution if it follows below criteria.

- i) Any University, Government approved/ affiliated/ recognized educational institutions, Incubation Center, PSUs, R&D Institutions, private and other establishments operating in Gujarat.
- ii) The institution should be registered under Companies Act-2013, rule of Section 8, as 'non-profit making company'.
- iii) The institution should have separate space and engaged full time employees for the purpose.

2.3 Mentor:

The mentor means a resource person who is registered under this scheme and associated/recommended by the Nodal Institution.

3.0 Quantum of assistance:

3.1 Assistance to startups:

The Quantum of Assistance as under would be provided to the Startups whose innovative project is approved/sanctioned by SLEC.



3.1.1 Sustenance allowance:

Sustenance allowance of Rs. 20,000 per month per startup will be provided to the Startups for a period of one year.

In case of startups having at least one-woman co-founder, Rs. 25,000 per month per startup will be provided as sustenance allowance.

3.1.2 Seed support:

Seed support up to Rs. 30.00 lakh will be provided to the Startups on the following, based on approval/ sanction by SLEC:

- i. Cost of raw materials/ consumables/hardware & software/professional services /other equipment/ tools required for prototype / product/ process development
- ii. Market research
- iii. Testing & trials
- iv. Marketing/ publicity assistance: Here marketing/ publicity assistance covers assistance to startups to attend national/international events. The fees/charges paid for attending the same will be considered eligible under this head. However, it is clarified that to and fro conveyance/accommodation expenses will not be considered for assistance.

3.1.3 Assistance to Startups having a significant impact on Society:

An additional support upto Rs. 10.00 lakh assistance will be provided to startups having innovative projects which have a significant impact on society, based on the conditions on approval/ sanction given by the SLEC.

3.1.4 Pre- Series A funding:

In the life cycle of a Startup, there is a funding gap which is better identified as valley of death. This is a phase post commercialization where the Startup has just started generating revenue till the time period where its product/service gets market traction. Such startups will be assisted in getting venture capital.

Initially to support, such mid-level Pre-series A funding to startups, a separate fund shall be created under Gujarat Venture Finance Limited (GVFL). This assistance will be specifically to cater the

startups that have already received seed support from the government under various schemes for promotion of startups.

3.1.5 Interest subsidy:

The startups that have been approved/sanctioned under this scheme will be eligible to avail an additional interest subsidy of 1%, maximum up to 9% on term loans under the provisions of scheme for assistance to MSMEs.

3.1.6 Assistance to enroll and participate for Acceleration Program:

Assistance up to Rs. 3 lakh per startup will be provided to enroll and participate for national / International recognized acceleration program.

Approved/sanctioned startups will be eligible for assistance up to Rs. 3 lakh per startup during the operative period of the scheme, to enroll/participate in national/international recognized acceleration program. The fees/charges paid for attending the same will be considered eligible for getting assistance. However, it is clarified that to and fro conveyance/accommodation expenses will not be considered under this assistance.

Acceleration Program:

An acceleration program is typically a 3-4 month program for startups at early traction and scaling stage. It is a process of intense, rapid, and immersive education aimed at accelerating the growth of the startup.

3.1.7 Assistance for skill development:

Approved/sanctioned startup shall be provided assistance for skill development trainings specific to soft skills, managerial skills, marketing skills, financing skills for the startup project. Such skill development training should support the startups in understanding the ecosystem, fund raising, commercializing and scaling up the startup project. Financial assistance up to Rs. 1 lakh per approved/sanctioned startup shall be given for participating in such skill development training programs on reimbursement basis.

3.2 The quantum of assistance as under would be provided to the approved/sanctioned Nodal Institution by SLEC:

3.2.1 Mentoring assistance:

Mentoring Assistance of Rs. 1 Lakh per approved/sanctioned startup shall be provided to Nodal institution for the mentoring service (Maximum Rs. 15 Lakh per annum per institute)

3.3 The Nodal Institution recognized by SLEC as per procedure laid down will be eligible for reimbursement of 75% of expenses incurred for organizing promotional event to the extent of maximum Rs. 5 lakh. In case the event being organized is specific to "Women Entrepreneurship", the Nodal Institution will be eligible for reimbursement of 90% of expenses incurred for organizing promotional event to the extent of maximum Rs. 5 lakh. However, it is clarified that the beneficiary Nodal Institution will not be eligible to get assistance under any other scheme of Govt. of Gujarat for the same component/purpose.

3.4 Other support:

3.4.1 Govt. will support approved/ sanctioned Startups to get free access to University/ Libraries/ Govt. Laboratories/ SDCs (GIDC) / Center of Excellence / PSUs to support and facilitate the innovative ideas/concept.

3.4.2 For organizing Acceleration Programs in Gujarat by any institution, would be assisted by providing financial assistance, as approved by SLEC, maximum up to the matching contribution to the expenditure incurred.

3.4.3 The project is entitled to avail other benefits under the schemes for assistance to MSMEs.

3.4.4 The Industries Commissionerate shall act as a Nodal Agency to facilitate startups where a dedicated team is provided for supporting the development of startup ecosystem and the Grievance redressal mechanism setup for the Startups and mechanism to identify regulatory issues by prospective startups vide Government Resolution No. MIS/102016/1089/G dated 21/04/2018, Government Resolution No. MIS/102016/333186/G dated 26/04/2018, Government Resolution No.

MIS/102014/924909/I dated 27/08/2019. The provisions under these above Government Resolutions shall remain continue under this scheme.

3.4.5 To encourage startup projects, the provisions under the Gujarat Purchase Policy 2016, vide Government Resolution No. KHARAD/102018/UOR/1/CH dated 11/04/2018 and Government Resolution No. KHARAD/102018/UOR/1/CH dated 30/04/2018 and shall remain continue under this scheme.

3.5 The detailed procedures and guidelines for implementation, monitoring and disbursement would be separately issued by the Office of the Industries Commissioner.

4.0 Procedure:

The eligible institution/ startup has to apply as per the following procedure:

4.1 Procedure for approval/ sanction as Nodal Institution:

- i) Eligible Institution intending to promote Start-ups shall submit its proposal on the online Portal to register itself as a Nodal Institution under this scheme.
- ii) The registered Nodal Institution shall apply to the IC office with requisites in prescribed format, for getting approval/sanction as Nodal institution.
- iii) The applications will be scrutinized by the Office of the Industries Commissioner and after due diligence, it will be placed before the SLEC for approval/ sanction.
- iv) On approval from SLEC, the Office of Industries Commissioner will issue the Sanction letter to accord recognition as a Nodal Institution.

4.2 Procedure for approval/ sanction of Startups:

- i) Eligible innovator/ startup shall get registered on the online portal to avail assistance under the scheme.
- ii) The Registered Start-ups shall apply to Nodal Institution with requisites in prescribed format.
- iii) Nodal institutions shall evaluate, validate and recommend the startup project proposal to the office of the Industries Commissioner.



- iv) The startup project proposals will be scrutinized by the Office of the Industries Commissioner and after due diligence, the startup project proposals will be placed before the SLEC for approval/ sanction.

4.3 The Detailed procedures for approval/sanctions of Nodal Institution/ Startups, conditions and guidelines would be separately issued by the Office of the Industries Commissioner.

5.0 Implementing authority:

The Office of the Industries Commissioner shall implement this Scheme and the Industries Commissioner would be the competent authority for interpretation, clarification/ decision making for any disputes, keeping in view of the objective of the scheme, which will be final and binding to all the concerns.

6.0 State level Empowered Committee (SLEC):

A committee of following members is constituted for approval/sanction of Assistance under the scheme.

Additional Chief Secretary/Principal Secretary, Industries & Mines Department	Chairman
Industries Commissioner	Member
Commissioner /Director of Technical Education	Member
Financial Advisor, Industries & Mines Department	Member
Joint/Deputy Secretary, Industries & Mines Department	Member
Technical advisor (Chemical)	Member
Director, The Centre for Entrepreneurship Development	Member
Any subject/ domain expert	Invitee member
Additional /Joint/ Deputy Commissioner of Industries	Member Secretary



7.0 Budget provision:

The expenditure on this account will be met from the sanction grant of the respective financial year under the following budget head:

Demand No	-	49
Major Head	-	2852, Industries
Sub Head	-	80 General
Minor Head	-	(003) Industrial, Education, Research and Training,
Sub Head	-	02 – OIN -2, Assistance to Research and Technology Development

This issues with the concurrence of Finance Department vide note dt.26/08/2020, received on this department file of even number.

By order and in the name of Governor of Gujarat.

B. S. Mehta

(B.S. Mehta)

Joint Secretary

Industries and Mines Department

Copy to:

1. Secretary to Hon'ble Governor of Gujarat
2. Additional Chief Secretary/Principal Secretary to Hon'ble Chief Minister
3. Personal Secretary to all Hon'ble Ministers
4. Advisor to Hon'ble Chief Minister
5. Under Secretary to Chief Secretary
6. Additional Chief Secretary/Principal Secretary, Finance Department
7. Personal Secretary to Additional Chief Secretary I&M
8. C.E.O. GIDB
9. V.C & MD. GIDC Gandhinagar
10. Industries Commissioner, Gandhinagar
11. Accountant General, Rajkot / Ahmedabad
12. Select File