

RAJASTHAN
STARTUP
POLICY 2015





Government of Rajasthan

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October 2015



Chief Minister Rajasthan



Rajasthan, the cradle of entrepreneurship, is the birth place of some of the most successful business persons and large industrial houses of India, some of whom also have a global footprint. In spite of such a legacy, educated youth in large numbers leave the state after completing their education in search of better employment opportunities in other parts of India and abroad.

The Startup Scenario of the state as we see today, is at a nascent stage. There is every reason to further enrich the incubation eco-system by focusing on incubating technologies related to the areas of strength of the state such as Textiles, Handicrafts, Wool/Carpets, Marble, Food Processing, Edible Oil Processing, Water Harvesting and Tourism.

I am confident that the young and budding entrepreneurs and startups who are on the threshold of taking off shall take advantage of the Rajasthan Startup Policy 2015 and the dynamic environment to be nurtured at the platforms of the startup fests to take their careers, companies and the country to greater heights.

VASUNDHARA RAJE
Chief Minister, Rajasthan



**Industries Minister
Government of Rajasthan**



Quite recently Rajasthan has become the favoured destination for budding entrepreneurs owing to the State's vast potential and resources in the field of minerals, tourism, handicrafts, renewable energy, etc.

Since the signing of an MoU between RIICO and CIIE initiatives (IIM-Ahmedabad) in June, 2013 the startup ecosystem in the state has gained momentum over the last two years through "Start-up Oasis", the Incubation Centre of RIICO at Jaipur. Some of the key learnings of the Start-up Oasis suggest that Jaipur/Rajasthan is bustling with high entrepreneurial energy but the students do not have a platform and opportunities to test or validate their ideas.

Hence, in order to give boost to the eco-system and to solve some of the most intractable problems of the State, the State Government has decided that Rajasthan should also come out with a policy for startups.

The Rajasthan Startup Policy 2015 has been built on 3 pillars "Startup Support", "Student Entrepreneur Support" and "Incubation Support", which has both fiscal and non-fiscal benefits.

I feel that the various provisions of the Policy shall be of immense use to the young and budding entrepreneurs. I also hope that the startups and the platform provided in the startup festivals shall be profitably used by them.

My best wishes to our young entrepreneurs.

GAJAENDRA SINGH KHIMSAR
Industries Minister, Rajasthan



**Chief Secretary
Government of Rajasthan**



Given the tradition of high entrepreneurial energy, large number of higher education institutes and limited availability of skilled jobs, there is a need to provide a push to startup entrepreneurship in Rajasthan that can solve some of the most intractable problems of the state and create more jobs for the youth.

Jaipur is fast becoming the next startup hub of India. There are certain factors that position Jaipur as the ideal destination for technology-based innovative startups such as social and physical infrastructure, low cost of living, excellent connectivity and city traffic, large number of technical and professional colleges and proximity to NCR.

The central government is also providing a big push to technology led startup entrepreneurship as is evident by the recent announcements of various schemes by the Govt. of India.

I am sure that the budding young entrepreneurs and startups shall get benefitted by the various policy initiatives that are being announced by the State Govt. in the Rajasthan Startup Policy 2015.

C.S. RAJAN
Chief Secretary
Government of Rajasthan
& Chairman, RIICO

1. PREAMBLE

Rajasthan has been the cradle of entrepreneurship and is the birth place of some of the most successful businessmen and large industrial houses of India and the world. Despite this, a large population of educated youth of the State leave the State after completing their education in search of better employment opportunities in other destinations, within India and abroad.

Rajasthan also faces some serious challenges in areas like water availability, arid land, agriculture, rural healthcare, food processing and efficient food supply chains – answer to lot of these problems would need the development of low cost, indigenous and technology-enabled solutions. Towards this, the Rajasthan Startup Policy has been formulated.

2. POLICY PERIOD

The Rajasthan Startup Policy 2015 will come into force w.e.f. October 9, 2015 and will remain in operation for a period of five years.

3. OBJECTIVES OF THE POLICY

3.1 The key targets that are expected to be achieved are as follows:

- a 50 incubators / incubator-like organizations to be established
- b 500 innovative startups to be supported and incubated
- c 100,000 sq ft of incubation space to be developed / facilitated
- d Angel and Venture Capital of Rs.500 crore to be mobilized for startups
- e Development of an innovation and problem solving culture across the State

3.2 The Policy would have the following domains as the key focus areas:

- a Social and Cleantech: Rural infrastructure & services, crafts, water, sanitation, renewable energy and healthcare, including asset light models of healthcare delivery and medical devices
- b Mobile and Information Technology, including but not limited to crowd sourcing, crowd funding, online financial services
- c Internet of Things (IoT), electronics and hardware
- d 'IT for X' in the areas of garment and crafts, mining and SME manufacturing and services
- e Disruptive ideas/technologies in any sector

3.3 In due course of time, Science & Technology Department, GoR in association with RIICO and Start-up Oasis may work to create Rajasthan Startup Village and E-Platform which can also host a cloud server for startups, run MOOCs and co-ordinate with various related state and central government agencies to further strengthen startup ecosystem in the State of Rajasthan.

4. DEFINITIONS

- 4.1 **Innovative Project:** Innovation is the process of introducing new or making changes with updated technology, large and small, radical and incremental, to products, processes, and services that result in the introduction of something new and innovative products.
- 4.2 **Startup:** An entity that develops a business model based on some innovation and makes it scalable for achieving commercial success.
- 4.3 **Incubator:** Incubator is any organization designed to accelerate the growth and success of entrepreneurial ventures i.e. startups, through an array of business support resources and services like physical space, capital, coaching and mentoring, common services and providing networking connections.
- 4.4 **Angel Investors:** Investors who provide early stage seed funding to small startups or entrepreneurs. The capital they provide can be a one-time injection of seed money or ongoing support to carry the company through difficult times. Typically, the Angel Investors invest their own funds into startups. The angel investor should be registered with SEBI or banks or reputed institutions like IITs/IIMs/NITs, etc. or DST of GoR/Gol approved incubation centres.
- 4.5 **Prototype Stage** is a pre-production/pre-launch stage where the startup has developed a basic product with most key features desired in the final product.
- 4.6 **Pilot Stage** is a stage where minimal capacity system is designed to start production of the desired product, which can be subsequently scaled up for desired production level.
- 4.7 **Venture Capital Funds:** Investment funds that manage money from investors seeking equity stakes in startup and small and medium-size enterprises with strong growth potential. These investments are generally characterized as high-risk/high-return opportunities.
- 4.8 **Accelerators:** Accelerators are programs (typically also accompanied with seed investments) of durations ranging from 10 weeks to 18 weeks aimed at accelerating an early stage startup through intensive and structured mentoring.
- 4.9 **Host Institutes:** Host Institutes (HIs) are reputed technology, management and R&D institutes of the State and other institutions and organizations focused on

entrepreneurial development and promotion to set up Incubators and Accelerators to galvanize the startup ecosystem in the State.

- 4.10 Nodal Institution:** Nodal Institution for the implementation of the Startup Policy shall be RIICO Ltd., Jaipur.
- 4.11 Committee:** Committee shall mean the State Level Committee for giving various approvals under the Startup Policy.
- 4.12 Evaluation Committee:** Evaluation Committee shall mean the Committee constituted by the Nodal institution for evaluation of the proposals received from startups, students and institutions and submit its recommendations to the State Level Committee.

5. SCHEME

5.1 Startup Support

5.1.1 Assistance for Startups at Idea / Prototype Stage

- a Rs.10,000 per month will be provided to the startup as sustenance allowance for one year whose project is recommended by the Nodal Institution and approved by the Committee.
- b Incubator will provide support to the startups by providing mentoring services, access to their labs, facilities, etc. on a free-of-cost (FOC) basis.
- c The State Government will also recommend selected startups to get free access to University / Libraries / Govt. Laboratories / Centre of Excellence / PSUs, etc.

5.1.2 Assistance for Startups at the Pilot Stage

Marketing / commercialization assistance of maximum Rs.10 lac will be provided to the startup to launch its products/ services in the market. The assistance will be provided in the following manner:

- a It can be given to a startup where he has secured funding minimum 25% from a known and registered angel/ venture funds/reputed incubator. The amount could be disbursed as purely/ partly grants or soft loan / equity on a case-to-case basis as has been given by registered angel/venture funds/ reputed incubator.
or
- b It can be given as matching assistance to reputed incubators established by institutions like IIMs / IITs / NITs to fund startups as part of accelerator programme as purely / partly grants or soft loan / equity on a case-to-case basis.

5.1.3 Tie-up for other assistance for Startups at the Pilot Stage

- a The startup will also be assisted in sourcing Venture Capital from Angel Investors /Venture Capital Funds.
- b Efforts will be made to leverage relevant benefits available under various schemes of Gov/GoR.

5.2 Student Entrepreneurship Support

- a The student/ student teams who apply to the Incubator for incubation support and if duly accepted by the concerned educational institution, shall be given 5% grace marks and 20% attendance every semester.
- b Students working on an Innovative Project that is incubated at an Incubator shall be permitted to convert their project into their final year project towards degree completion credits and requirements.
- c Students who wish to pursue entrepreneurship shall be allowed to take a break of one year (Gap Year), after the first year of the graduation/ post graduation course in technical institutions to pursue entrepreneurship full time at any of the Incubators. This may be extended to two years at the most and these two years would not be counted in the maximum time required for graduation. The 'Gap Year' facility may be given to ensure syllabus continuity at the time of joining back and after an appraisal process by an Incubator where the student is attached.
- d In order to promote entrepreneurship at college level, Entrepreneurship Cells (E-Cells) shall be created in collaboration with Incubators for creating support and awareness at ground level, within the professional college campus. Colleges will be given a one-time capital grant of Rs.10 lac to establish and operate an E-Cell. The college shall be expected to generate necessary financial resources through its own sources to continue the events and programs started as part of the E-Cell.
- e State Business Plan Competition: The Nodal Institution shall organise a state-wide business plan competition to invite new innovative business ideas from across the State. The top 50 winners of the competition shall be selected by the Committee and shall be given an award of Rs.50,000 each.

5.3 Incubation Support

- 5.3.1 Host Institutes (HIs): The Government will encourage Host Institutes (HIs) like reputed technology, management and R&D institutes of the State (like IITs/ IIMs/ NITs/ BITS/ LNMIIT/ Government Engineering Colleges or Private Engineering Colleges which are in existence for at least 15 years as on 31.3.2016) to set up new Incubators and Accelerators to galvanize the startup ecosystem in the State. All such HIs will be provided a one-time grant for capital items up to a maximum

of Rs.50 lac to conduct entrepreneurship development and startup support programs in their regions. The Incubators and Accelerators will further be linked to the Nodal Institution to ensure alignment of activities. The modalities/ procedures for the grant will be specified subsequently.

The Nodal Institution will also ensure that startups that are nurtured through the State supported Incubators shall be able to get connected with national and international markets and ecosystem for value addition, commercialization and funding.

5.3.2 Support to Incubation Centre by Private Players: Grant of maximum 25% for creation of fixed assets for creation of new incubation centre up to a maximum of Rs.50 lac to existing, established, reputed corporates, VCs, angel investors subject to a maximum of 5 per year and a maximum of 2 per district.

5.3.3 Support for Accelerator Programme: A matching grant up to Rs.10 lac would be given to competent institutions like angel investors, incubators, etc. to operate Accelerator Programs in Rajasthan. The angel investor should be registered with SEBI or Banks or reputed Institutions like IITs/IIMs/NITs etc. or DST of GoR/Gol approved Incubation Centres.

5.4 Startup Fests: A major Startup Fest and two smaller Mini Startup Fests would be held in the State to galvanize the startup ecosystem to provide national and international visibility to the startup, innovators and the ecosystem players and to bring all the ecosystem players on one common platform.

5.5 The Policy will be reviewed by Industries Department annually.

6. PROCEDURE

6.1 Eligibility:

- a Any individual/group of individuals having innovative idea/ concept will be eligible to receive the support under this Policy.
- b Students of colleges and institutions of higher learning from Rajasthan affiliated under the Rajasthan Technical University and Rajasthan University, IITs, NITs and other private universities and all students enrolled in such institutions.
- c Universities/ Educational Institutions, Incubation Centres/ R&D Institutions/ Private and other establishments will be eligible as an institution to support and mentor to startups as approved by the Committee.

6.2 Application Process:

- a The startup will submit its application along with the detailed business plan to the Nodal Institution for seeking assistance under this Policy. The Nodal Institution, in turn, will submit that proposal along with its recommendations to the Committee for approval.
- b The institution which intends to establish an E-Cell or an Incubator will submit its application along with its plan/ scheme to the Nodal Institution. The Nodal Institution, in turn, will submit that proposal along with its recommendations to the Committee for approval.
- c Nodal Institution will issue an advertisement through electronic and print media for inviting proposals for the statewide Business Plan Competition in the beginning of the financial year.

6.3 State Level Implementation Committee:

A committee of the following members is constituted for sanction of assistance under this Policy:

Principal Secretary, Industries	Chairperson
Principal Secretary, Higher Education	Member
Principal Secretary, Labour, Employment & Skill Entrepreneurship	Member

Managing Director, RIICO	Member
Secretary, IT&C	Member
Commissioner, Industries	Member
CEO, RVCF	Member
Director, Technical Education	Member
Directors of any two Universities (To be nominated by the Chairperson)	Members
CGM / GM (BP), RIICO	Member Secretary
Two eminent experts from the Industry	Members

Quorum of the Committee: The Quorum of the Committee shall be five members, out of which at least four members shall be from the State Government.

State Level Implementation Committee will decide on delegation of power to Evaluation Committee as per requirement, formulation & standardization of rules & procedure.

6.4 Evaluation Committee:

A committee of the following members is constituted for evaluation of the proposals received under this Policy:

Director Technical Education	GoR
CGM/GM (Appraisal & BP)	RIICO
Chief Operating Officer	Start-up Oasis
In charge Incubation Centre	MNIT, Jaipur
Nominee	DST, GoR, Jaipur
Two Eminent experts from the Industry	

The Committee will meet every month on a fixed date & time.

6.5 Tracking and Measurement of the Innovation Eco-System:

A customized index would be created through Start-up Oasis to track the quality of innovation ecosystem in the State by bench marking it to the national and international levels.

6.6 Startup Council:

Startup Council will be setup with representatives from the industry to play an advisory role and act as a think-tank for strengthening the startup ecosystem in the State.



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Department of Industries
Government of Rajasthan

1041, Main Building, Government Secretariat, Jaipur 302005, India

T: +91 141 2227666, F: +91 141 2227327

W: industries.rajasthan.gov.in